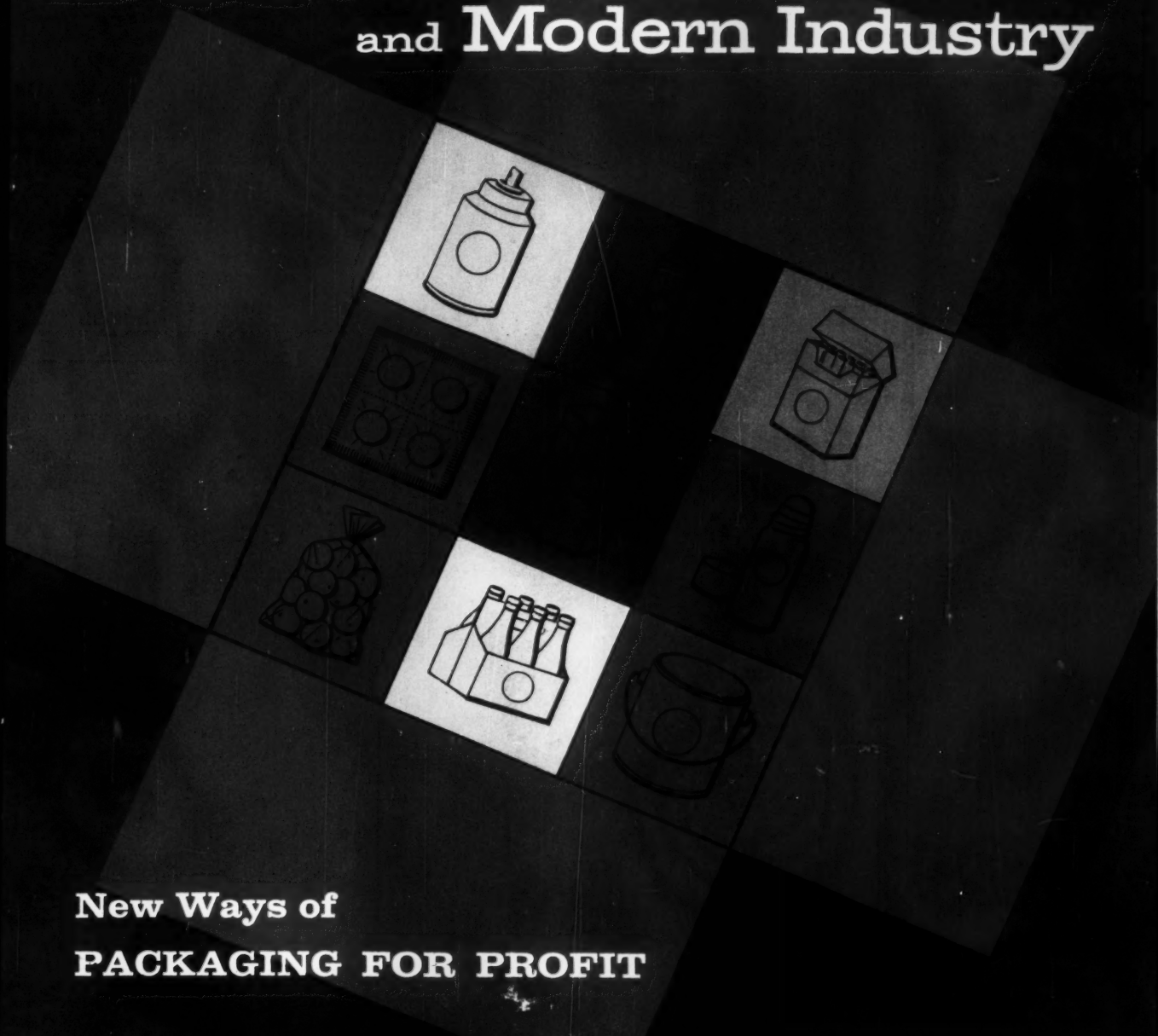
October 1959 75¢

DUN'S REVIEW and Modern Industry



New Ways of PACKAGING FOR PROFIT

Too Much Security?

Sales Promotion Hits High Gear

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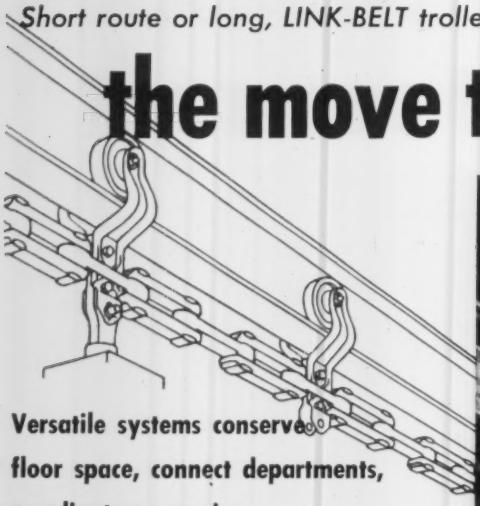
A DUN & BRADSTR

Short route or long, LINK-BELT trolley conveyors trim costs in

the move to modernization



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DUN'S REVIEW
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EDITORIAL

Lunar Logic, Mr. K.

NIKITA KHRUSHCHEV has made us revise one figure of speech. "Shooting at the moon" is no longer the symbol of the impossible. But, in his recent visit, he never did get down to earth in defining competitive and peaceful coexistence. Repeatedly, logic gave way to verbal violence.

We are all interested in the wily Russian's aims—but not so much in the direction of the moon as in the closer areas of business and politics, which affect the relative tranquillity of the shrinking earth and the 2.75 billion people whose welfare may be affected by the rise and fall of his political blood pressure.

Russia's dedication to the goal of material supremacy demands total conscription of all educational, productive, and cultural facilities. Citizens of the Soviet have the limited security of the conscript. Their welfare is guaranteed, but their freedom is limited to a narrow circle of personal enterprise and choice. Our heritage is different. For the sake of liberty, our forebears faced hunger, danger, and the penalties of age and ravages of disease in a primitive land. Today's American, by contrast, is so concerned with security that he measures every step into the uncertainties of the future against an actuarial table.

There comes a time when the price of liberty and opportunity has to be paid regardless of personal risk or sacrifice. Mr. Khrushchev acknowledges no spiritual discipline to his actions. He seeks no higher guidance than his own ambitions in making Russian socialism dominant in world affairs. He has added the moon to his conquests, but a dead asteroid is meaningless in the affairs of men. What is more important is the future of the satellite nations held by the evil gravity of a system which does not respect truth and rejects the lessons of history. Khrushchev would like to trade with us, but he would rather buy scarce metals and chemicals of military value than the consumer goods that his citizens desire and we would prefer to send him in larger quantities. He reveals himself as a shrewd juggler of facts and statistics when pinned down by specific questions about the industrial progress of his empire and the real needs of his people.

If there is room in cosmic space for free competition between Russia and the free world, there ought to be room on earth for the same spirit of challenge and competition without the risk of war. If Mr. Khrushchev sincerely desires such a relationship, he will find us no less eager to achieve it, but as yet he hasn't offered any acceptable blueprint for such a program.

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The Trend of BUSINESS

Production: *Industrial output will regain peak levels in early 1960*

Capital Spending: *New plant outlays will continue to rise in first-half 1960*

Gross National Product: *Rate of $510.5 billion expected in third-quarter 1960 (page 8)*

Failures: *August casualties top year-ago level (page 13)*

ALTHOUGH the steel strike in recent weeks has wrung some of the vigor out of business activity, the economy has coasted along at a high level while awaiting a settlement of the dispute. Of course, the longer the strike lasts, the more widely its effects will be felt. By the same token, however, business in general will pick up all the more rapidly when full steel production gets under way.

Industrial output will hit last June's peak level some time early next year.

After the steel strike ends, the Federal Reserve Board's Index of Industrial Production will rise at an increasingly rapid rate.

Expenditures for new plant and equipment will keep rising through the first half of 1960.

Industry will be anxious to expand its capacity as increased consumer spending prompts a rise in manufacturers' new orders. A moderate pick-up in inventory accumulation will follow the steel settlement. Month-to-month gains in over-all stocks in late 1959 and early 1960 will not however, be so marked as they were early this year.

Higher capital outlays will boost industrial construction.

Although these gains will be partially offset by a leveling-off in residential building, 1959 will be another banner year for over-all construction outlays. Year-to-year increases in residential construction will narrow. Many people interested in building homes will be discouraged by more difficult mortgage terms and higher building costs.

Employment will return to record levels before the year-end.

Following the temporary setback in the number of employed that resulted in late September from layoffs in industries affected by the steel strike, the number of jobholders will move up as industry's output and manpower requirements rise. Unemployment as a percentage of the labor force is not likely, however, to go much below the 5 per cent level as the number of new jobseekers continues to mount.

With wages remaining at high levels and with more people at work, personal income will continue to climb.

Although price rises will cut substantially into this increase in consumer spending power, retailers can expect a record Christmas selling season, and 1959 will be another banner year.

Retail sales in most lines will continue strong.

Promotions on fall apparel, furniture, and appliances will help total retail volume remain well above a year ago, and monthly records will be set. The most noticeable gains will be in durable household goods.

Consumers will continue to add to their installment debts, pushing consumer credit to record levels through early 1960.

This will reflect consumer reaction to the flow of favorable reports on business activity. However, buying on time is likely to become a little more difficult and expensive.

Wholesalers and manufacturers can expect further gains in orders in the coming months.

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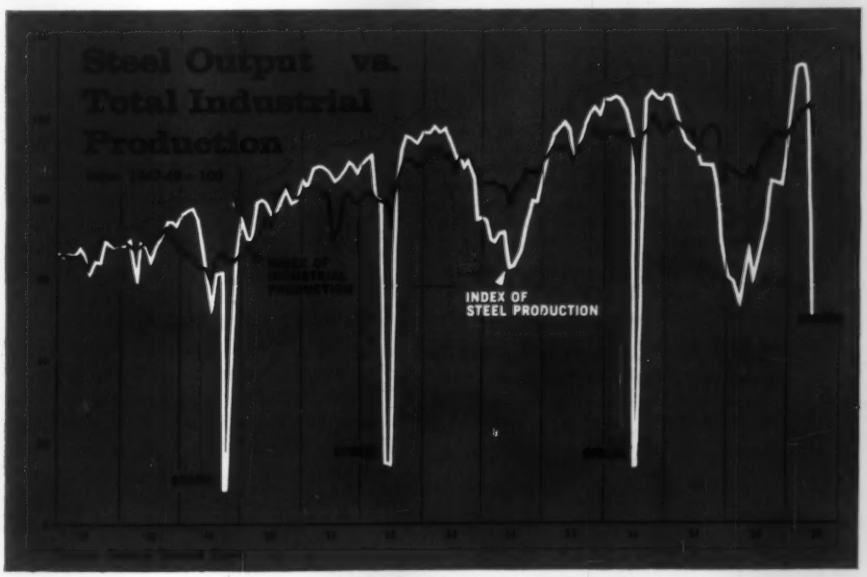

INDEX OF STEEL PRODUCTION *includes the production of carbon steel ingots, steel for castings, and alloy and stainless steel for castings. No figures are seasonally adjusted.*

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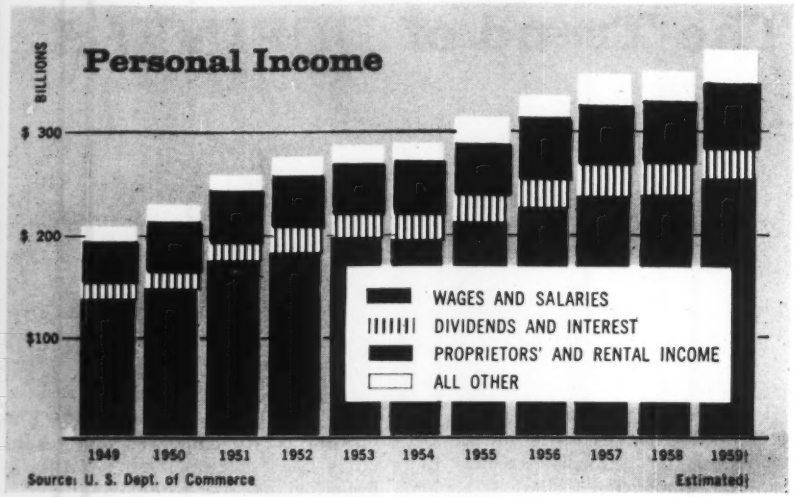

GAINS IN *wage and salary disbursements will be more noticeable after settlement of the steel strike, helping over-all personal income hit another record for 1959 as a whole.*

This will reflect the high level of consumer spending, which will keep stocks low as related to sales among retailers. It will be especially true in household durable goods and textiles. Stock-sales ratios at the wholesale and manufacturing levels as well as at retail will remain low, but most business men will continue to be cautious in building up their inventories.

Immediate prospects for over-all industrial production are clouded by the steel strike.

It will take the steel mills several weeks after the settlement to return to the near-capacity production levels achieved just before the strike began. Most steel officials anticipate an upsurge in new orders during the post-strike period which will hold operations near 100 per cent of capacity through the early months of next year. Production could be curtailed, however, if the strike lasts long enough to hold down shipments of ore from the Great Lakes until winter freezes the waterways.

Although not many steel-consuming industries had to curtail output through mid-September because of supply shortages, most users have become increasingly concerned over their stock situations. This and lower prices abroad have led some buyers to purchase more foreign-made steel products.

Through July, steel imports had reached a level higher than that of all of 1951, the previous record year. 1959 seems likely to go down as the first year that we will have bought more steel than we sold abroad. But interest in importing steel may slacken before too long as prices rise in response to increased demand—not only from this country, but from other nations as well.

The Government will push harder for a settlement in steel.

If one is not reached shortly, it is likely that the President will use the Taft-Hartley Act to stop the strike for 80 days while a Presidential fact-finding board studies the dispute. However, with the losses that both the industry and labor have already experienced, there is little danger that the "cooling off" period would pass without a settlement.

Thus far, production in other industries dependent on steel has been little affected by the steel strike. If it lasts much longer, however, such lines as automobiles, appliances, machinery, and construction will begin to feel the pinch.

With ample stocks of steel on hand, automobile producers completed the 1959 model run early in September.

Total production came to 5.6 million cars, a gain of 32 per cent over the 1958 run. Sales promotions and lower price tags helped volume in recent weeks remain sharply over a year ago, and high dealer inventories of 1959 models have been significantly reduced. However, dealers still had enough stocks to meet demand until the debut of the 1960 models.

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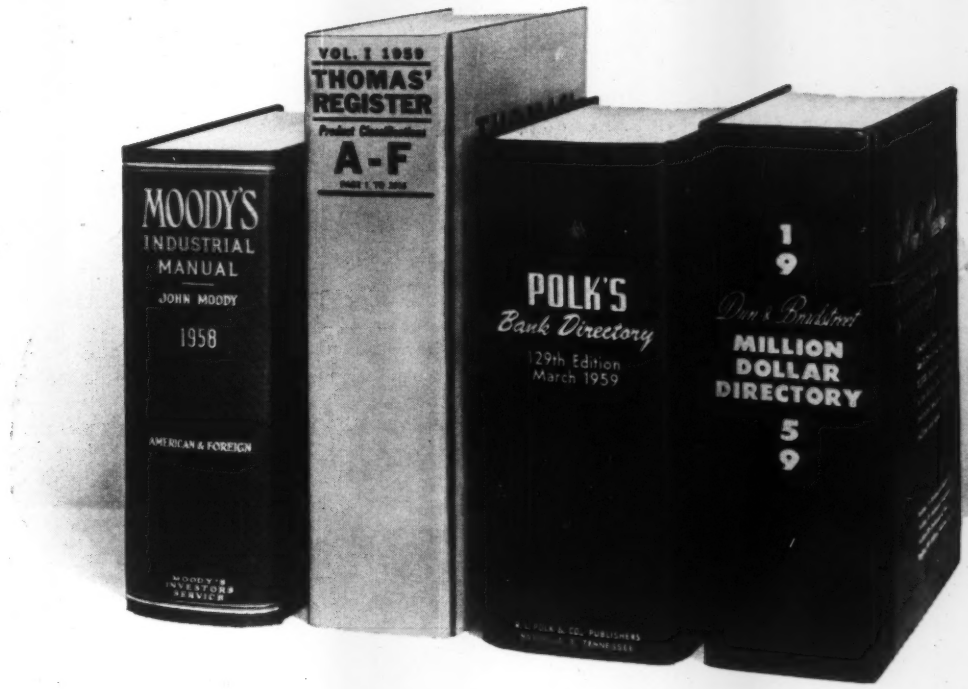

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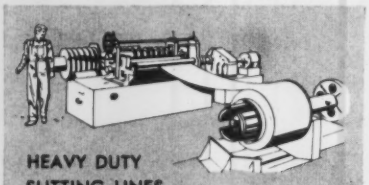
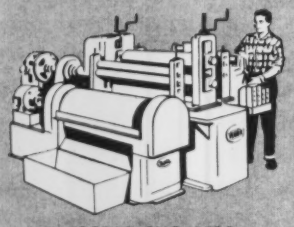




ENGINEERING YODER MANUFACTURING
ROTARY SLITTING LINES

The auto industry has enough steel to fill the showrooms with 1960 models, but that's about all. The current high sales pace is expected to hold up through the end of the year and well into 1960. This year is likely to wind up as a 6-million-auto year, with some added stimulus in the final quarter from the introduction of compact domestic models. Close to 1 million of these will probably be assembled in 1960.

Although public response to the new small cars is expected to cut into imports of foreign makes, domestic producers are confronted with a pricing problem. Foreign small-car makers are pricing their new models lower than Detroit.

Over-all industrial production will gain impetus in the final months of this year from a number of quarters.

These include—in addition to the steel, steel-related, and automotive industries—increases in electric power output, lumber production, food processing, and in the output of many other soft goods.

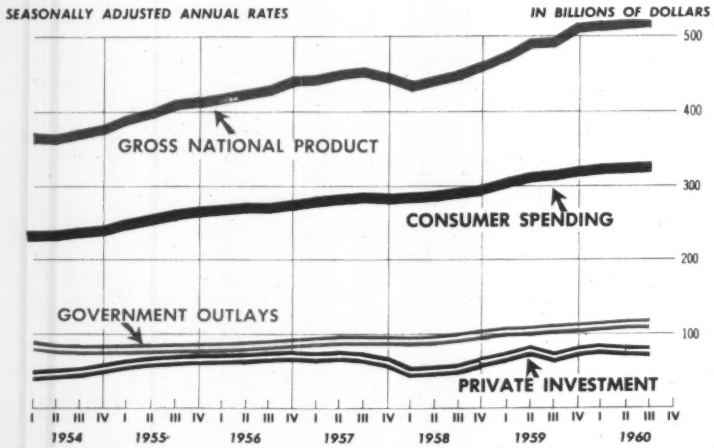
The generally promising business outlook has led business men to revise upwards their plans for outlays for new plants and equipment for the rest of the year. According to a survey conducted in late July and August by the United States Department of Commerce and the Securities and Exchange Commission, capital spending is now expected to come to $33.3 billion for 1959 as a whole, or 9 per cent over a year ago. This was $700 million more than was estimated in the prior survey made three months earlier. Further gains through the first half of 1960 are probable.

Higher interest rates may, however, curb capital spending.

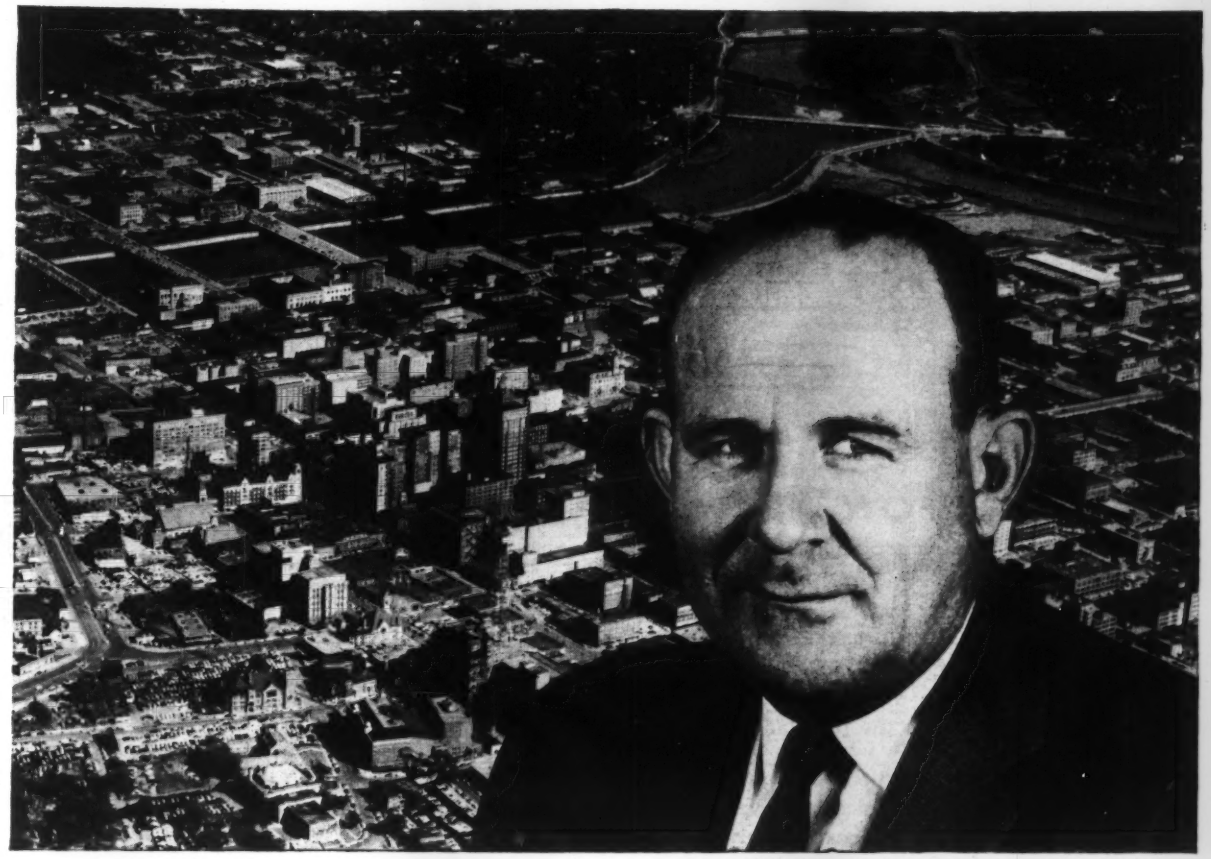
continued on page 10

Looking Four Quarters Ahead

Quarters		Consumer spending	Government outlays	Private investment	Gross national product
1959	I	303.9	97.4	68.9	470.2
	II	311.2	97.7	75.7	484.6
	III	316.5	98.8	71.4	486.7
	IV	322.4	99.5	78.5	500.4
1960	I	325.7	100.6	79.7	506.0
	II	328.3	101.1	79.4	508.8
	III	330.7	101.8	78.0	510.5



Figures through the second quarter of 1959 are seasonally adjusted annual rates, in billions of dollars, as reported by the National Income Division, Department of Commerce. Figures for the third quarter of 1959 and later are estimates prepared by Edwin B. George and Robert J. Landry of the Business Economics Department, Dun & Bradstreet, Inc.



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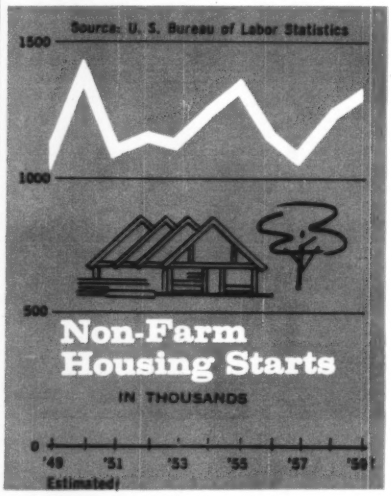
The prime rate (the rate banks charge top credit-rated borrowers) climbed to 5 per cent in early September, the highest level since 1931. This was prompted by a tightening of the money supply and the expectation of a further rise in loan demand.

The Federal Reserve System, in turn, raised its discount rate from 3½ per cent to 4 per cent.

Although this move was partly a technical action to restore the traditional one-point gap between the discount rate and the commercial banks' prime rate, it was also seen as a step in combating inflation.



HOUSING STARTS *will continue to level off, but the total for 1959 will approach peak levels. Source: U.S. Bureau of Labor Statistics.*

Government officials foresee an increase in the rate of business growth after a steel settlement.

To curb the inflationary pressure that usually accompanies such expansion, they feel it necessary to restrain excessive borrowing by holding the line on the money supply. However, if money gets much tighter, the Federal Reserve will have to decide how far it can go to discourage excessive borrowing without choking off vital credit and investment funds.

Prices on most wholesale and consumer items will creep slowly upward in the coming months. Over-all, however, changes will be minor. Among consumer prices, the most noticeable rise will be in services.

This report was prepared in the Business Economics Department, DUN & BRADSTREET, INC., by John W. Riday.

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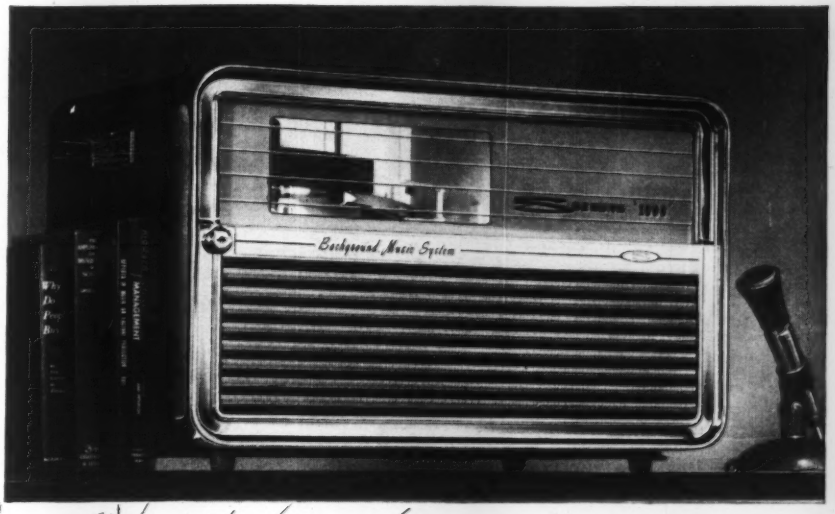
- Almost 40 hours of music without repeating a selection
- 100% automatic operation
- Self-contained (no central studio)
- Paging and public address
- Lightweight and compact



Background music that fits your business to a "T" ...the New Seeburg '1000'

The Seeburg "1000" Background Music System fits *every* business to a "T." For small stores and shops just plug it in . . . for larger installations play it through existing sound systems.

The music libraries—arranged, programmed and recorded by Seeburg—are *custom-tailored*. Now, for the first time, you can have tailored music scientifically created for your *particular kind* of business.

If you are about to have music for the first time, here is the perfect answer. Or if you have music now, learn what a great improvement Seeburg offers over any existing music service.

THE SEEBURG '1000'
Tailored BACKGROUND MUSIC

LEARN ABOUT THIS ENTIRELY NEW CONCEPT IN BACKGROUND MUSIC! MAIL THE COUPON.

The Seeburg Corporation, Dept. DR
1500 N. Dayton St., Chicago 22, Ill.

Send complete information on Seeburg Background Music.

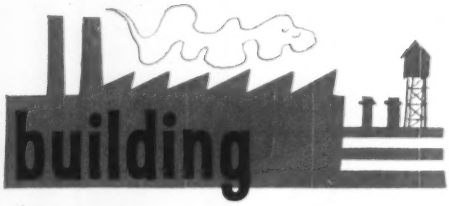
Name of Business .....

Address .....

City .....Zone .....State .....

Signed .....Title .....

it takes MORE than a building to produce BUSY-NESS



AVAILABLE LABOR POOL The Georgia worker is intelligent and reasonable. Georgia's surging industrial growth demonstrates his ambition and ability to quickly learn new skills.

ABUNDANT WATER AND POWER Georgia's rivers afford the softest, best quality industrial water. Coal is nearby, natural gas available. Plentiful electric power reaches every community.

TRANSPORTATION UNLIMITED Georgia — a strategic hub — is served by 34 railroads, over 1,000 trucking lines, 118 bus lines and some of America's busiest airports and seaports.

EDUCATION - HEALTHFUL LIVING Unlimited educational facilities, famous resorts and lakes, plus new hospitals and clinics — all provide a measure of better living for Georgia workers.

YEAR 'ROUND MODERATE CLIMATE Even the weather is on your side in Georgia! Never a costly shut-down — Everyday is production day in mild, modern Georgia.

NEARBY GROWING MARKETS A boon to every new manufacturer and distributor. Goods move fast and easily in Georgia with millions of customers within a convenient radius.

IT TAKES all this and more to build industrial activity — and GEORGIA'S GOT IT! Communities are offering strategic plant sites, coupled with local financing aid and a most cooperative attitude to management. Georgia is a prosperous, growing state — filled with vast natural resources and rich opportunities for expansion in many fields.

GEORGIA DEPARTMENT OF COMMERCE
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Write today to Dept. D-10

ABIT MASSEY, Director
Georgia Department of Commerce
Atlanta, Georgia

NAME_____

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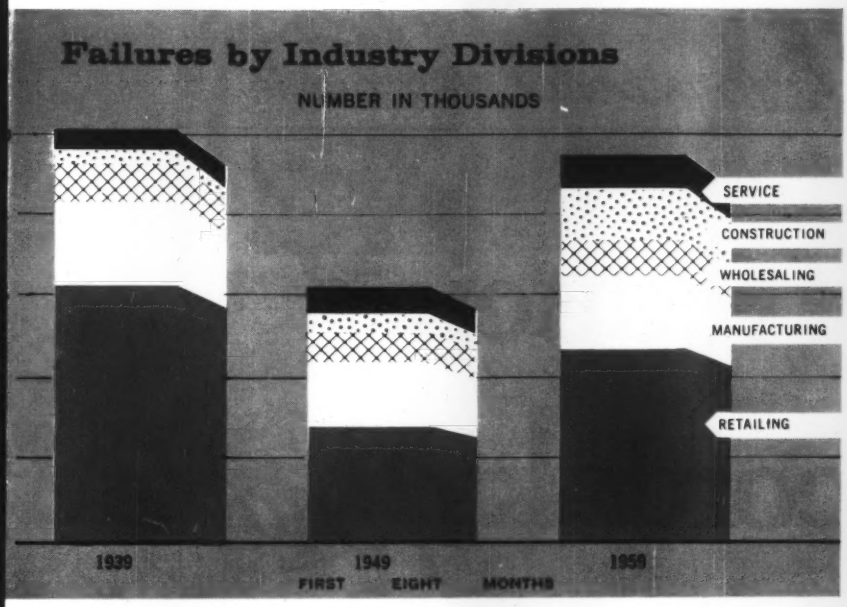
CITY_____ STATE_____

Business Failures

Casualties edge up in August

Liabilities top year-earlier level



BUSINESS failures rose 6 per cent in August, running counter to the usual late summer decline. For the first time this year, casualties edged above the comparable 1958 level. But the toll of 1,135 was slightly below the postwar peak for August established in 1957.

Concerns were failing at a rate of 53 per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*. Although up a bit from 49 in July, the casualty rate remained slightly below the 54 per 10,000 of August a year ago.

Dollar liabilities increased for the second consecutive month, reaching $54.5 million and exceeding last year's level for the first time since January. Small casualties accounted for the rise from July. In fact, all of the increase from a year ago came from the $5,000 to $25,000 size group. Meanwhile, failures in excess of $100,000 dropped 20 per cent to touch their lowest level since 1957.

Construction, retail, and service tolls climbed during August. But manufacturing dipped to a low for 1959, and wholesaling was off moderately.

Casualties among general builders were half again as numerous as in July. Nearly all of the retailing increase occurred among food stores. Within the household goods trade, furnishings stores suffered higher mortality, but appliance dealers noted fewer casualties.

Considerable increases from August last year occurred in construction,

continued on page 16

THE FAILURE RECORD

	Aug. 1959	July 1959	Aug. 1958	% Chg.†
DUN'S FAILURE INDEX*				
Unadjusted	48.5	45.8	48.6	— 0.2
Adjusted, seasonally	53.3	49.2	54.0	— 1
NUMBER OF FAILURES	1,135	1,071	1,127	+ 1
NUMBER BY SIZE OF DEBT				
Under $5,000	147	114	150	— 2
$5,000–$25,000	579	508	531	+ 9
$25,000–$100,000	322	340	337	— 4
Over $100,000	87	109	109	—20
NUMBER BY INDUSTRY GROUPS				
Manufacturing	187	203	206	— 9
Wholesale trade	103	113	108	— 5
Retail trade	542	518	549	— 1
Construction	181	137	158	+15
Commercial service	122	100	106	+15
LIABILITIES (*in thousands*)				
CURRENT	$54,501	$51,197	$50,765	+ 7
TOTAL	54,624	51,435	53,521	+ 2

*Apparent annual failures per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Percentage change, August 1959 from August 1958.

In this record, a "failure" occurs when a concern is involved in a court proceeding or in a voluntary action likely to end in a loss to creditors. "Current liabilities" here include obligations held by banks, officers, affiliated and supply companies, or the governments; they do not include long-term publicly held obligations.

INVESTOR RELATIONS

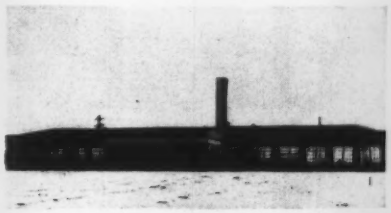
through trees

by The Davey Business Advisor

The investor in any company is influenced by the corporate image that company presents to the public. He forms part of his opinion—good or bad—from pictures he may see of your plant in your advertising, your annual report, your publicity.

A well-landscaped plant site suggests a well-managed, progressive company. It indicates that you are interested in the human side of business—that you care about employee environment and community acceptance.

It's so easy to enhance your corporate image by improving the appearance of your plant and surroundings with well cared for trees.



The Davey Tree Expert Company can landscape your plant site handsomely and provide professional care for the years to come. Davey, unlike most companies, guarantees its transplanted trees through the critical second year.

Fall is the best time to get started, so for an estimate, or for help in planning a reasonable annual tree-care budget, write to:

DAVEY TREE EXPERT CO.
Kent 15, Ohio

MARTIN L. DAVEY, JR.
President

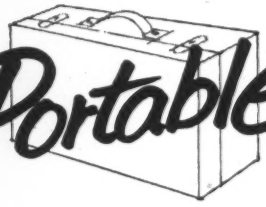
THE OLDEST AND LARGEST TREE SAVING SERVICE IN THE WORLD

DAVEY

P.S. The trees around your home are valuable possessions, too, deserving the best possible care—Davey care. Call your nearest DAVEY TREE SERVICE (listed in the phone book), or write to Kent, Ohio.

Ready to travel or stay put!

Introducing the Recordak *Portable*



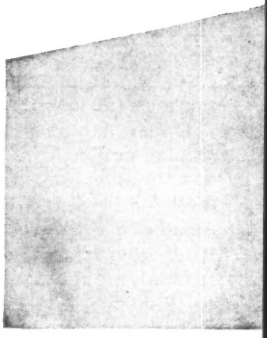
Here at last is a wonderfully capable microfilmer that weighs less than an office typewriter—*just 24 lbs.*

Take the Recordak Portable wherever the work is—from office to office . . . plant to plant . . . city to city.

Simple for anyone to operate. Just plug it in and you're ready to take pictures. Many unusual features—for example, who would imagine that two rolls of film could be exposed simultaneously in so trim a microfilmer?

New portable opens door for even the smallest concerns to enjoy all the short cuts and protection which microfilming *alone* provides. At the same time, larger firms will find the new Recordak Portable a valuable adjunct to present microfilmers. Or use several Portables in decentralized microfilming.

Mail coupon today for free booklet giving full details. No obligation.



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(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—
now in its 32nd year

Take it from office to office . . . city to city . . . desk to desk

Microfilmer

Just feed documents into new Recordak Portable and they're photographed and returned in sequence

HH-10

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Recordak Corporation, 415 Madison Avenue, New York 17, N. Y.

Gentlemen: Send free booklet giving details on new Recordak Portable Microfilmer

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Company_____ Street_____

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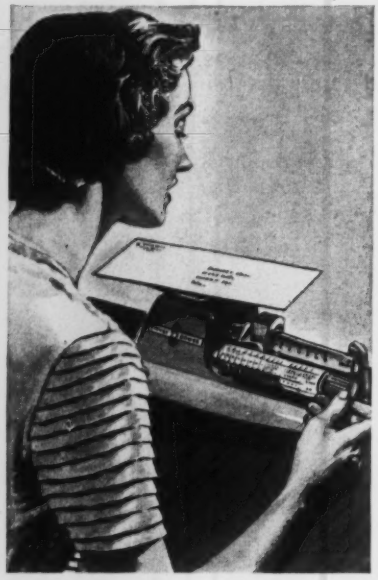
Who pays your postage?

Mr. R. has just paid the sympathetic mailman 20¢—for five "Postage Due" letters. He does not feel kindly at all toward the senders, and who can blame him? A faulty mail scale which under*weighs, does nothing for your company reputation. And a scale which* over*weighs, wastes postage. Moral: Get a Pitney-Bowes precision built mailing scale!*



Model 4900 for the small office has convenient postage computer

Six Pitney-Bowes scale models for every requirement eliminate underpayment and overpayment of postage. For the small office, the Model 4900 (illustrated), is accurate, easy to use, and has a handy postage computer. Larger PB models have an automatic pendulum mechanism that ensures permanent accuracy, quick and exact register; with hairline indicator, large chart markings are easy to read, make mailing fast and easy. Ask the nearest PB office to show you, or send coupon for free illustrated booklet.

FREE: *Handy desk or wall chart of Postal Rates, with parcel post map and zone finder.*

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Mailing Scales

PITNEY-BOWES, INC.,
1578 Walnut St., Stamford, Conn.
Originator of the postage meter . . . offices in 121 cities in U. S. and Canada.

PITNEY-BOWES, INC.
1578 Walnut Street
Stamford, Conn.

Send free booklet ☐ *rate chart* ☐

*Name*_____

*Address*_____

principally subcontracting, and in transportation services. Little change appeared in most retail trades. Food store tolls rose noticeably but were counterbalanced by declines in restaurant and apparel failures. Nearly all manufacturing industries held close to their 1958 mortality levels. However, tolls among food, apparel, and furniture manufacturers declined moderately.

In all except two of the nine major geographic regions, failures held even or exceeded July levels. Only the Middle Atlantic and East South Central States had lower tolls in August than a month earlier. Also, these two regions reported the only appreciable declines from a year ago. New York failures fell to an 11-month low, and Tennessee accounted for most of its region's year-to-year dip. Increases were sharpest in the Mountain States and in the East North Central States. In the Pacific Region, where the toll moved up 8 per cent, California casualties were the heaviest since April 1958.

FAILURES BY DIVISION OF INDUSTRY

	Cumulative total (January—August)		Liabilities in million $ (January—August)	
	1959	1958	1959	1958
MINING, MANUFACTURING	1,626	1,903	129.7	177.4
Mining—coal, oil, misc.	51	63	4.8	11.2
Food and kindred products	120	141	9.6	13.2
Textile products, apparel	266	375	14.4	27.5
Lumber, lumber products	334	363	17.1	23.0
Paper, printing, publishing	114	124	6.7	6.6
Chemicals, allied products	41	45	2.9	2.7
Leather, leather products	51	73	4.8	9.3
Stone, clay, glass products	36	42	2.5	7.8
Iron, steel, products	95	121	7.0	11.1
Machinery	161	193	26.0	19.9
Transportation equipment	62	52	5.4	13.7
Miscellaneous	295	311	28.6	31.2
WHOLESALE TRADE	933	985	55.6	53.2
Food and farm products	199	238	16.8	14.6
Apparel	27	49	1.2	2.3
Drygoods	25	31	1.0	0.9
Lumber, bldg. mats., hdwre.	98	122	6.9	8.3
Chemicals and drugs	39	31	1.1	0.7
Motor vehicles, equipment	51	46	2.6	1.4
Miscellaneous	494	468	26.0	25.0
RETAIL TRADE	4,780	5,286	169.0	164.1
Food and liquor	776	766	22.7	17.1
General merchandise	213	204	14.7	7.9
Apparel and accessories	724	843	31.1	23.4
Furniture, furnishings	574	765	25.5	32.7
Lumber, bldg. mats., hdwre.	298	351	9.6	11.5
Automotive group	672	762	17.2	29.8
Eating, drinking places	924	983	25.6	27.0
Drug stores	79	114	2.3	2.9
Miscellaneous	519	498	20.3	11.8
CONSTRUCTION	1,360	1,471	79.6	81.0
General bldg. contractors	472	602	43.5	43.8
Building subcontractors	782	787	28.3	27.5
Other contractors	106	82	7.7	9.7
COMMERCIAL SERVICE	875	806	41.1	43.5
TOTAL UNITED STATES	9,574	10,451	474.9	519.1

Liabilities are rounded to the nearest million; they do not necessarily add up to totals.

This report was prepared in the Business Economics Department by Rowena Wyant.

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OFFICE LAMINATOR

It shows in detail the many important applications for APECO Ply-On Laminating in your business. Tear off and mail the postage paid air mail reply card today.

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This new book is filled with a wealth of valuable information for every businessman. Shows why you need—and should use—the new Apeco Ply-On Laminator, regardless of the size of your operation. Send for yours today.

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New APĒCO Office Machine Plastic Seals Any Paper

Adds "ACTION APPEAL" to Letters and Literature —PROTECTS WORK PAPERS and RECORDS

A "DO-ALL" OFFICE MACHINE WITH HUNDREDS OF USES IN EVERY BUSINESS
Protects Vital Papers
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Makes Records Permanent
Dresses Up Reports and Bids
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Instantly seals one or both sides of any paper with beautifying, protective plastic finish
Styled by Charles E. Jones and Associates
APĒCO Ply-On OFFICE LAMINATOR

Dresses Up Papers in Crystal Clear Plastic Finish for "SPARKLE THAT SELLS" and Lifetime Protection, too!

Here is the eye-opening new office machine that is the talk of the business world. And no wonder, when you consider how many everyday office jobs have just been waiting for the Apeco Ply-On Laminator. It does everything...from protecting permanent records to adding sparkle to sales presentations...from putting the stamp of importance on executive letters to guarding shop papers from grease and dirt. It's so easy with the new Apeco Ply-On Laminator! Just feed the paper through and it's protected and beautified with a sparkling plastic finish that will never tear, never dog-ear and will always stand out, impressively. It does all this for mere pennies, well within the budget of the smallest firm. It's the mark of a modern, up-to-the-minute office!

Hundreds of Important Applications in Every Business Get the Complete Story in this NEW FREE BOOK

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Find out the many applications for Apeco Laminating in your business and the important sales making and saving benefits it offers. It is all in the new free book—10 minutes' reading important to every business executive.

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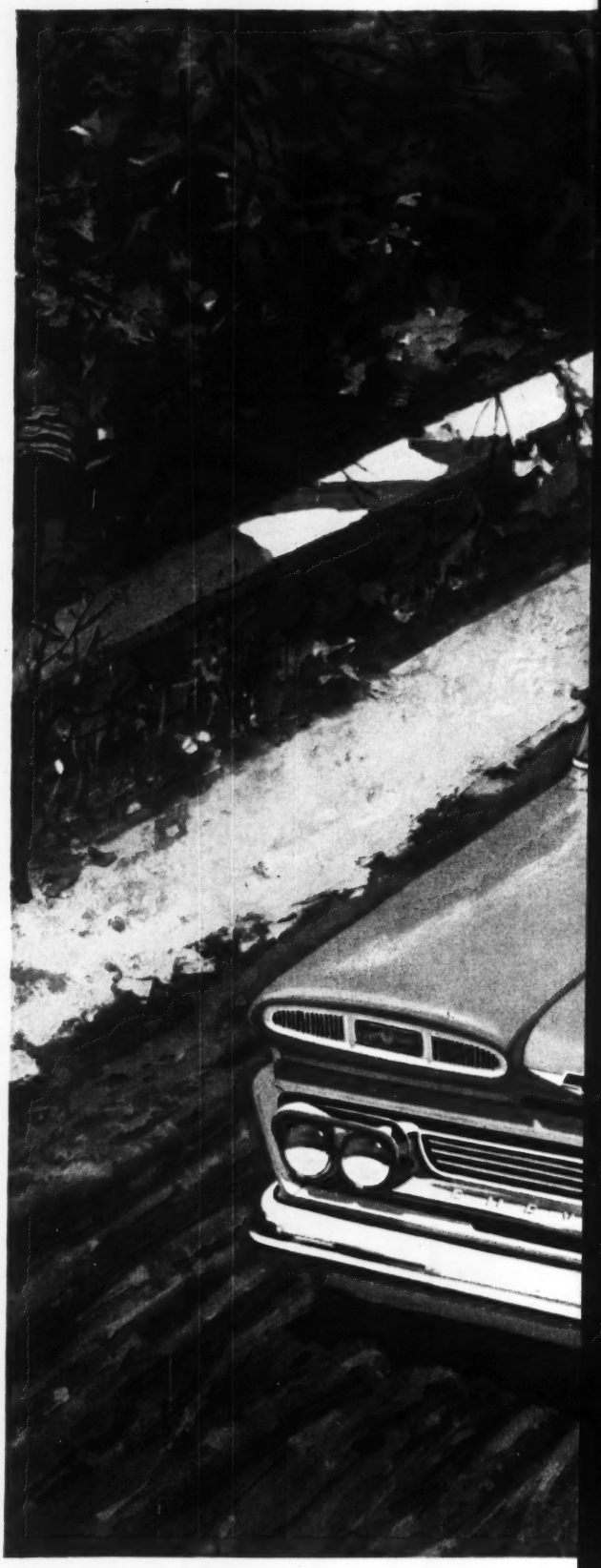
Total Newness! Chevrolet trucks are here for '60

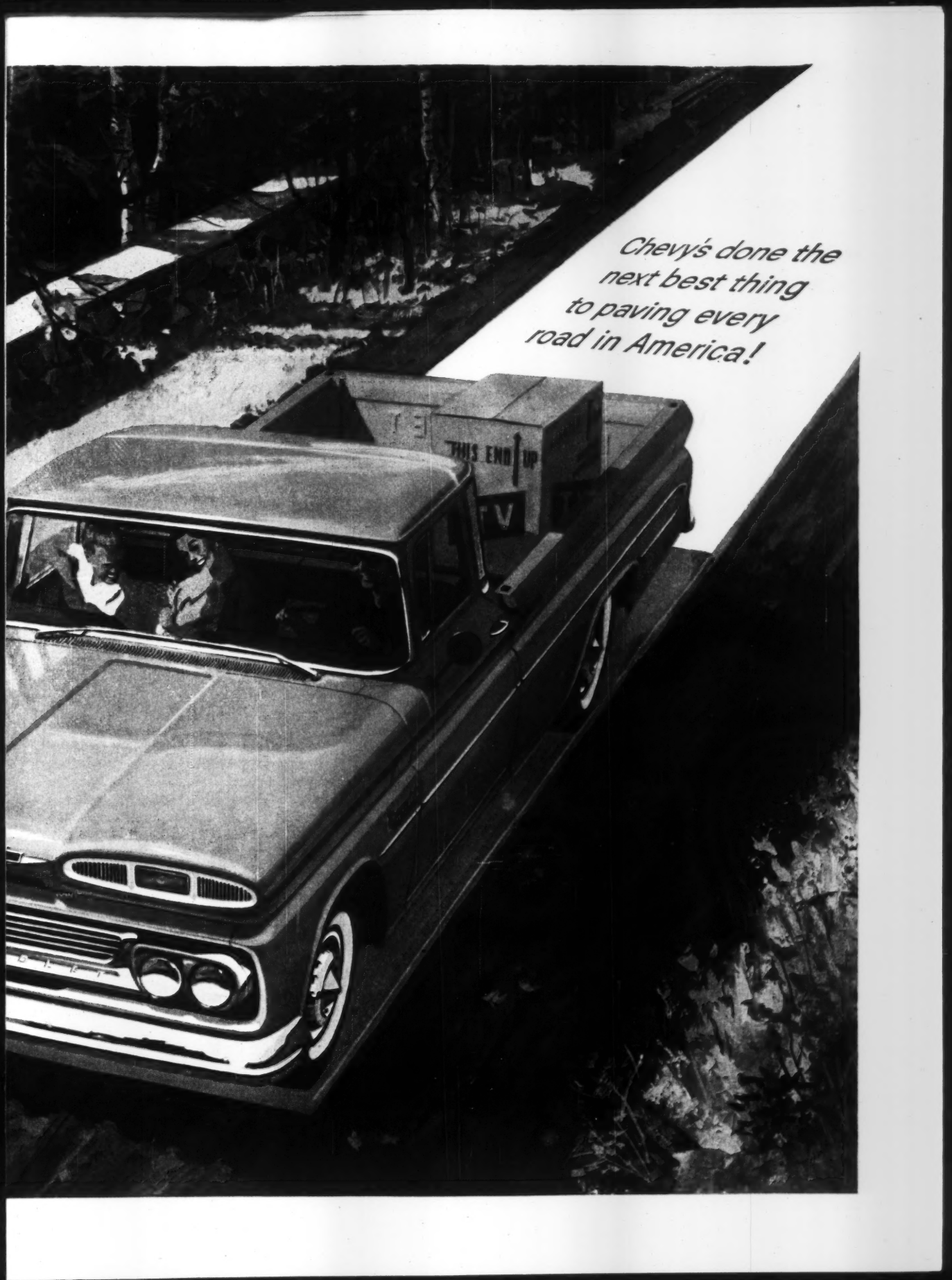
...with revolutionary new Torsion-Spring suspension!

Watch and see, 1960 Chevy trucks are going to make hauling history. They've got a *ride* you have to feel to believe. A ride that completely eliminates I-beam shimmy and wheel fight, makes handling far easier, allows faster safe speeds on or off the road to get more work done in a day's time. The big reason is Chevrolet's all-new suspension: its fully independent *torsion-spring* suspension up front, with wide-based coil springs in light-duty rears and variable-rate leaf springs in heavyweights. It's a feature that lends a big hand to another history-making 1960 advantage—Chevy's *bulldozer durability*. With revolutionary new suspension, with new strength and rigidity in frames, in sheet metal, in roomier-yet-lower cabs—these '60 models are tougher than any Chevy trucks ever made. Tougher than trucks long famous for long life! Your dealer's got the full story, the best one he's ever told. . . . Chevrolet Division of General Motors, Detroit 6, Michigan.

CHEVROLET

Anything less is an old-fashioned truck!




Chevy's done the
next best thing
to paving every
road in America!
THIS END UP
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A typical office furnished with Cole Steel Equipment

"your company is judged by the office you keep. **COLE STEEL** your comı any is judged by the office you keep. yo **COLE STEEL** your company is judged by the office you keep. **COLE STEEL** your c ompany is judged by the office."

Send for Cole's new full color catalog. COLE STEEL EQUIPMENT CO., INC., 415 MADISON AVE., DEPT. 79, NEW YORK 17, N. Y.
BRANCH OFFICES: CHICAGO • PHILADELPHIA • LOS ANGELES • SAN FRANCISCO • HOUSTON • ATLANTA • TORONTO, CANADA

Voice of Industry

Recession Lesson: Tired Products Won't Sell
The Research Man and His Environment
A Word of Caution About Computers
Why Business Fosters Individuality

JUDSON S. SAYRE, *president, Norge Division, Borg-Warner Corp.*

Newness Is the Key

It is axiomatic that economic market growth results from the creation of new wants and not from existing demands. Our productive and selling functions are crying for more innovators and more creativity.

The "persuaders," hidden and otherwise, cannot cajole or mesmerize the consumer to consume more and more of the same. All they can do, at best, is to divide up the existing 100 per cent among those who foolishly expect the market to add up to 150 per cent—the norm of our productive capacity.

I believe responsible management in major manufacturing has profited by the lessons of over-production in recent years. When we arrogantly tried to make the consumer subservient to our production goals and to products that had nothing to distinguish them except new model numbers and lower prices, we violated our obligation to serve the consumer and succeeded only in diverting his expenditures from our products to other kinds of products and other services.

I believe responsible dealers have also learned that they can't just buy deals, but that they must sell consumer benefits and service.

From a speech before the National Appliance & Radio-TV Dealers Association Institute of Management.

E. V. MURPHREE, *president, Esso Research and Engineering Company*

Where Talent Can Grow

The future of our country depends heavily on accelerated expansion of good research by good research men. The men can be found and developed if research management provides the kind of environment in which their talents can flourish.

First, research management should tell the research man what the organization's problems are, what goals it is working toward, and what specific needs it faces. Then, management should encourage him to take responsibility for developing scientific information in the specific area in which his interests lie.

A simple, direct line of communication should be kept open between

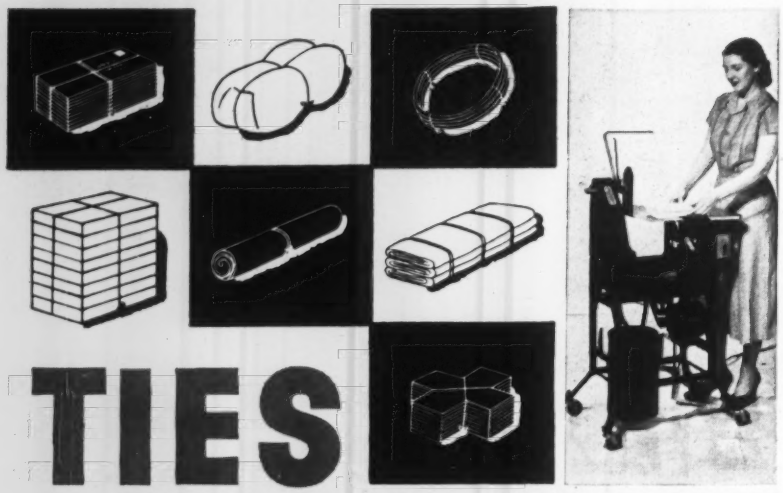
3 TOP VALUES
From Among 80 BIG JOE Lift Truck Models

1
"the PEDALIFT 21"
$199.00 complete
1000 lb. capacity
54 in. lifting height

2
"the 299"
$299.00 complete
1000 lb. capacity
57 in. lifting height
Battery Operated

3
"the CHALLENGER"
$397.50 complete
1500 lb. capacity
57 in. lifting height
Battery Operated

Hydraulic Handling for *EVERY* Department
BIG JOE
Manufacturing Company
Ralph Hines Road
Wisconsin Dells, Wisconsin



TIES ANYTHING

Anything you now tie by hand . . . you can tie up to 10 times faster on a BUNN Tying Machine!

Bunn Tying Machines are fast . . . *up to ten times faster* than old-fashioned hand tying. That's why thousands of companies in all kinds of businesses are boosting production and cutting costs with Bunn twine-tying equipment. Consider these advantages:

Machine has many uses: The efficiency and economy of Bunn Machines is not limited to tying mail. Hundreds of different items . . . from cans to laundry bundles, from bakery goods to newspapers, from meats to corrugated cardboard and cartons . . . are tied quickly and securely on Bunn Package Tying Machines.

Automatic adjustment eliminates manual changeovers. Any size or shape is tied in the same fast time . . . 1½ seconds or less.

Controlled tension reduces package breakage and product damage. The strong twine can't cut the product . . . can't slip off.

Slip-proof knot can't come undone even with rough handling. Approved by postmasters for mail tying of all kinds.

Simple operation is fatigue-less and completely safe. Inexperienced operators become experts in just a few minutes.

Let a Bunn representative prove to you that . . . *almost anything which can be tied by hand can be tied faster, better and more economically with a Bunn Package Tying Machine.*

BUNN PACKAGE TYING MACHINES Since 1907

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GET THE WHOLE STORY

Send today for this fact-packed booklet, which illustrates the many advantages of Bunn Tying Machines. Or let a Bunn Tying Engineer show you. No obligation.

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☐ Please have a Bunn Tying Engineer contact me.

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Company_____

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the researcher and management. Management should provide adequate facilities and opportunities for the researcher to expand his knowledge.

Broad recognition of the scientist's technical achievements should be given by encouraging him to participate in professional societies and to write for publication.

Finally, research management must adequately reward accomplishment. One way to do this is by establishing a technical ladder of progression with salary increases and job titles to mark the technical man's advancement.

From a speech before the American Chemical Society.

I. MELVILLE STEIN, *president, Leeds & Northrup Company*

Too Soon to Boast

I am an optimist about the future of computer control, but I am concerned about the setback computer control may experience as a result of promising too much too soon.

Notwithstanding the success of computers in certain technical, statistical, and military applications, there have been too many unsuccessful office applications.

Computer control offers not a substitute for conventional control but a refinement achieved by addition to such control. The full realization of this depends upon the extent to which the process itself is susceptible to additional refinement.

It is interesting to speculate as to what will place the ultimate limit on computer control of continuous industrial processes. Will it be the limitations of computer controls or the limitations of the process itself?

I expect a sort of see-saw pattern in which both controls and process plant are continually improved, with

continued on page 33

Patrol Efficiently and Alertly

Deter Crimes

Keep Daily Log

A Burns guard can do all this:

Administer First Aid

Prevent Fires

Supervise Time Clocks

and save you 20%, too

When you take on Burns Security Service, you get far more than ordinary plant guards.

Here's why. Every Burns Guard is thoroughly trained—in such essential functions as first aid, fire prevention, apprehension of intruders and prevention of crimes, maintaining an accurate log, supervising time clocks, directing parking lot traffic . . . as well as the best basic patrolling procedures.

And yet, with all his versatility, a Burns Guard saves you upwards of 20%. The reason: you don't pay for the usual guard necessities—uniforms, sidearms, overtime, social security, vacations, insurance costs or any fringe benefits. Burns pays for all of this. You are billed for a complete package—which means the number of trained guards you need for any occasion or season, plus 'round-the-clock supervision.

Let us show *you* how Burns Guards can improve your security system . . . and help you save, too. Phone, write or wire and a Burns Security Specialist will be at your service. No obligation. Meanwhile, why not send for our informative brochure, "It takes more than fences."

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A WONDERFUL NEW WORLD

For 1960 Ford presents not one, but two lines of cars

1. THE 1960 FORDS . . . Finest Fords of a Lifetime . . .

that bring a new world of elegance, comfort and savings to your business!

New fine-car elegance, new fine-car luxury at low Ford prices! The 1960 Ford is a *completely* new, *completely* different car—in the Ford tradition of beautifully functional proportions combined with distinctive classic styling. It has the kind of beauty that will stay young longer, and that means higher trade-in value.

New built-for-people comfort! There's more leg room, hip room, and knee room. Windshield posts are swept forward—well out of your way when you enter and exit. There is up to 31% more glass area all around (all *safety* glass) for greater visibility. Yet, you're shielded from sun glare above. Front seats are foam rubber padded, positioned at the perfect posture angle. New suspension, front and rear, gives far smoother ride.

New built-for-keeps body! Thanks to Ford's unique Quality Control program, each and every 1960 Ford is built to *stay* on the job—with the tightest, toughest, most durable Ford body ever constructed. And a new *wider-than-ever* frame of thicker-than-ever steel is the most solid Ford foundation yet (25% stronger for '60)!

You save every mile! The Thunderbird 292 and 352 V-8's, like the famous Mileage Maker Six, thrive on *regular* gas. A saving of up to $1 on every tankful. You go 4,000 miles without changing oil. You can forget waxing forever. You normally get twice the muffler life from Ford's aluminized mufflers. You get Truck-Size brakes, the largest in Ford's field, for longer brake life. New soft-tread tires give better ride, last longer.

The best for business . .

OF FORDS FOR BUSINESS!

. . . beautifully proportioned for your fleet needs!

2. THE *Falcon* . . .THE NEW-SIZE FORD . . .

the world's most experienced new car . . . brings new economy to your business!

Three years and three million miles of research and testing went into the development of the new Ford Falcon. Then, in a final demonstration, Falcons were sent out on Experience Run, U.S.A.—over every mile of numbered Federal Highway. The new Ford Falcon is the most thoroughly tested, most thoroughly proven new car ever introduced. You can *depend* on its performance—and *bank* on its economy.

Up to thirty miles to the gallon on regular gas! Experience Run drivers gave it the "works" in stop-and-go city traffic . . . turnpike cruising—up hills and over mountains! In traffic and on the highway the Falcon *proved* its economy.

Your savings start with the price! And no extra cost power assists of any kind are needed. Insurance costs are lower. Servicing is quicker, easier, costs considerably less. Oil changes are stretched to 4,000 miles. Need for waxing is gone forever.

Big-car comfort! Big-car ride! Don't be fooled by the Falcon's handy, parkable new size. Inside, there's honest-to-goodness room for 6 big adults and all their luggage. And with Ford's famous Ball-Joint suspension to iron out the bumps, the Falcon rides the roughest road as smooth and solid as cars weighing up to a ton more.

FORD DIVISION, *Ford Motor Company*

THE NEW **60 FORDS**

A banker makes a decision

a financial leader first, your banker is likewise a man of community affairs

UMPIRING a close one on Saturday helps many a banker make wiser decisions on Monday.

That's because taking part in things close to the community's heart is a sure way for a banker to better know the people and their financial needs.

In that way, a banker can have both the understanding and the insight to evaluate an individual's financial problem, counsel local businessmen, work wisely and profitably.

In a nutshell, a banker has to be a civic doer as well as a financial counsellor. By taking on community responsibility and learning what makes his neighbors tick, a banker makes his bank more useful every day.

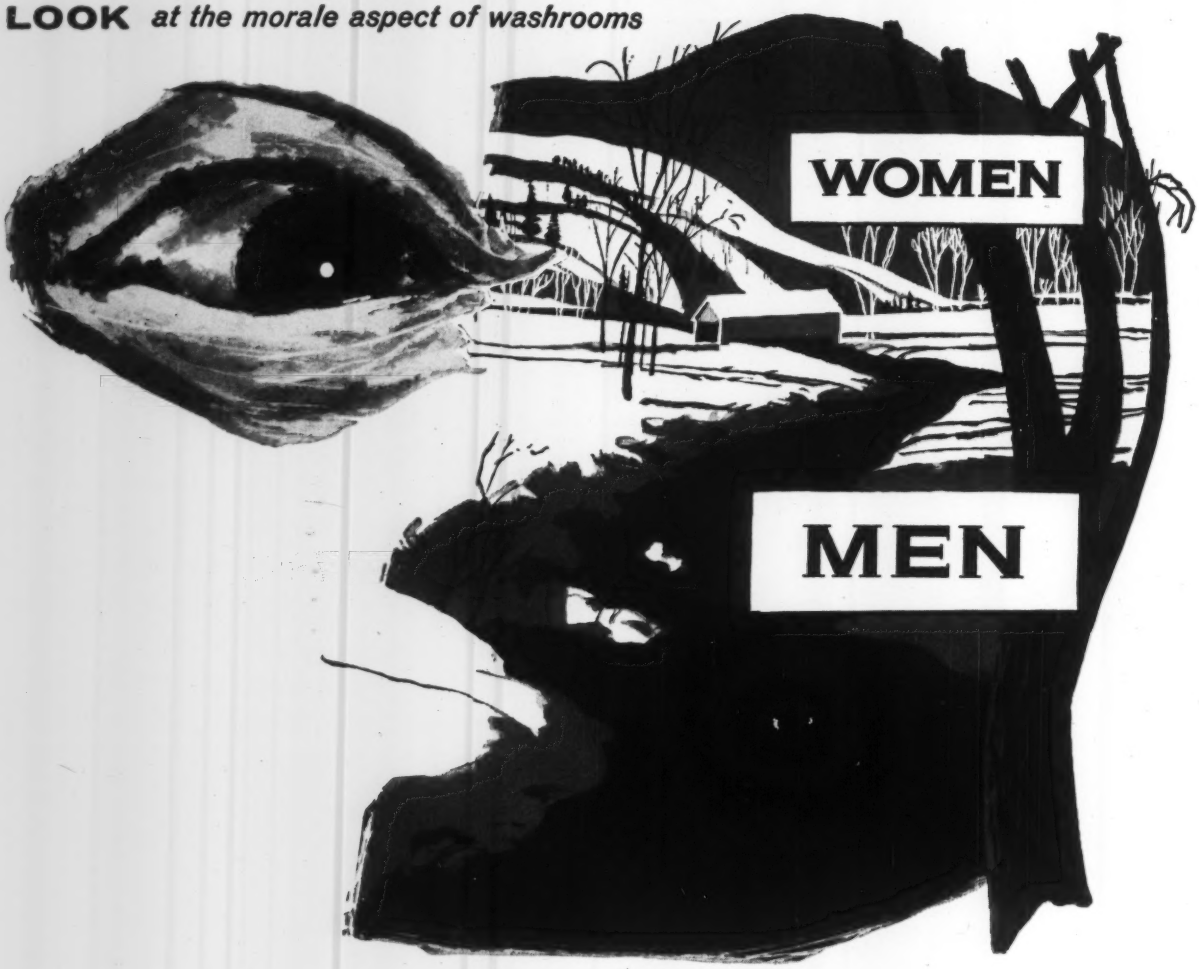
When all's said and done, it's usefulness that makes commercial banking so important to the nation's economy and the American way of life.

THE
CHASE
MANHATTAN
BANK

CHARTERED IN 1799

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

LOOK *at the morale aspect of washrooms*



"HEALTHY" FRESHNESS

A clean, fresh atmosphere in washrooms pleases everyone. Makes washrooms "feel" clean. Reflects management concern for individual health and welfare.

This kind of freshness is easily maintained with modern automatic West deodorizers that contain a pleasantly perfumed aromatic fluid. These modern devices are neatly encased in white plastic. They are loaned, installed and maintained free of charge — as part of the WEST WASHROOM SANITATION PROGRAM.

The WEST WASHROOM SANITATION PROGRAM includes heavy-duty cleaners and disinfectants for facilities at regular intervals. Cleaners prevent drain clogging from salt buildup. Disinfectants kill micro-organisms that cause T.B., Polio, Typhoid, Influenza and other diseases.

Important too, the WEST PROGRAM gains the support of custodians so that they maintain high standards of sanitation.

The WEST WASHROOM SANITATION PROGRAM often saves enough to pay for itself. It includes an analysis of materials and methods that simplifies maintenance and leads to savings in towels, soap and other supplies. For full details, phone your nearby West office. Or mail the coupon to our Long Island City headquarters, Dept. 1.

☐ Send information on your WASHROOM PROGRAM.

☐ Have a Specialist phone for an appointment.

Name _____

Position _____

PROGRAMS AND SPECIALTIES
FOR PROTECTIVE SANITATION
AND PREVENTIVE MAINTENANCE

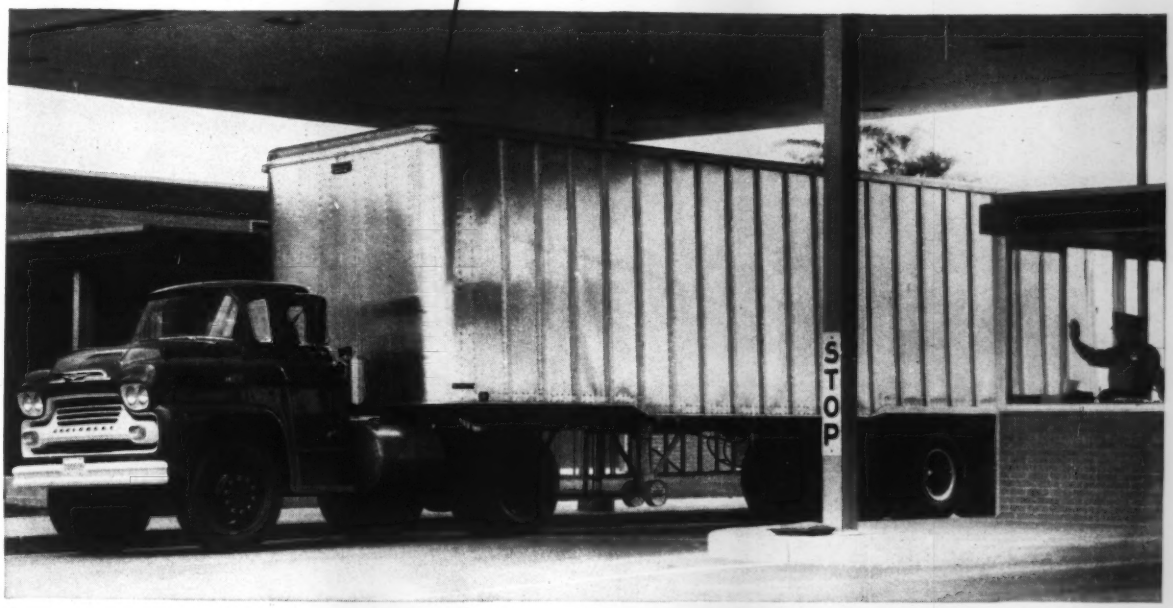
WEST CHEMICAL PRODUCTS INC.

WEST DISINFECTING DIVISION

WEST CHEMICAL PRODUCTS INC.
42-16 West Street, Long Island City 1, New York
Branches in principal cities
CANADA: 5621-23 Casgrain Avenue, Montreal

the brand of truckleasing that pays... profits!

nationalease!



ALL MODELS and SIZES—SINGLE UNITS or FLEETS—CHEVROLETS or other fine trucks.

NATIONALEASE service doesn't add to your cost . . . it saves! Save the capital and management time you now spend on trucks, to be put to better use in the profit-making part of your business.

NATIONALEASE is the Preferred Service, because it's *full*-service truckleasing from *nationally* experienced management. Yet no "home office" overhead, no remote controls from distant headquarters without regard for local costs and conditions.

NATIONALEASE full-service leasing means everything but the driver is furnished to meet your exact equipment needs, to supply maximum maintenance efficiency. No dealing with third parties for service, no loose "public garage" policies to bother you.

NATIONALEASE is adaptable, flexible, custom-planned to meet your unusual needs and "too-tough" trucking problems. Extra equipment is always available to you for peak-load or accident emergencies.

NATIONALEASE is the brand of service supplied by affiliates of National Truck Leasing System – the National Truck Leasing System is the authoritative, pioneer organization exclusively engaged in providing full-service truckleasing to American industry.

Write today for "Lease for Profit" literature, and the name of the NATIONALEASE firm in your area.

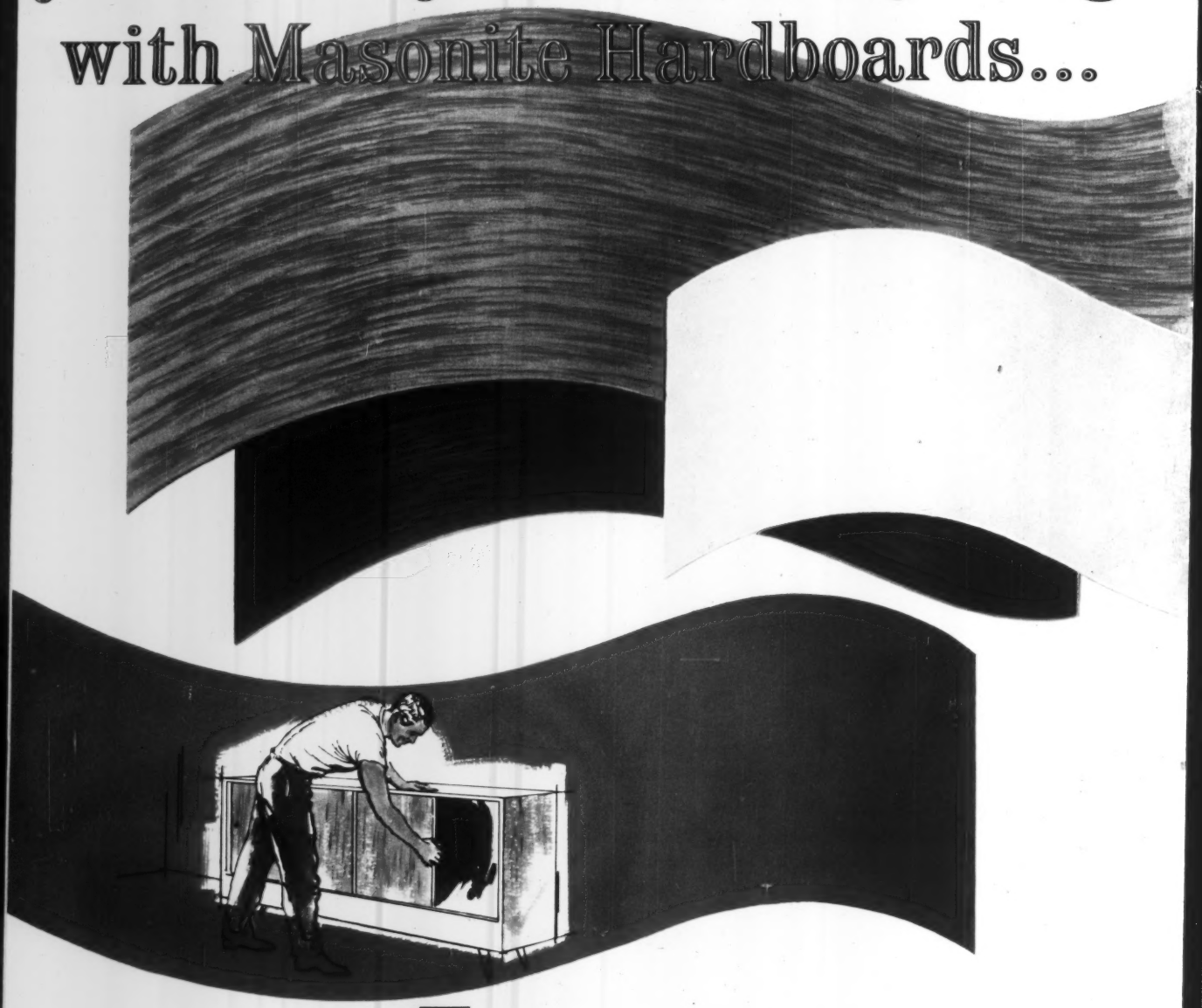
nationalease

NATIONAL TRUCK LEASING SYSTEM

Serving Principal Cities of the United States, Canada, and Puerto Rico

23 E. Jackson Blvd., Suite: D-10 Chicago 4, Illinois

you can do just about anything with Masonite Hardboards...



for example Masonite provides a broad range of finishes, from save-a-step *Primecote*® to rich wood grains—Antique, Rosé, Champagne or Misty Walnut. These new Royalcote® finishes have eye-appeal and *use*-appeal; a spray of lacquer is all they need.

in fact Masonite offers you a complete choice of thicknesses, densities, textures and patterns. Wonderful workability. Smooth finishing. Extreme resistance to impact, moisture and wear. Whatever your design or production need, Masonite has the hardboard to do the job.

MASONITE® CORPORATION

®Masonite Corporation manufacturer of quality panel products.

Masonite Corporation
Dept. 2-1, Box 777, Chicago 90, Illinois

☐ Please send latest design and production information on Masonite panel products.

☐ Please have your sales engineer call.

Name.....

Address.....

City..... *State*.....

Zone..... *County*.....

the limitation shifting from time to time from one to the other.

In any event, it will take more than a year or two for computer controls to come to full fruition. But this time could be unnecessarily lengthened by setbacks resulting from unsound, unbridled enthusiasm.

From a speech before the 14th annual symposium on Instrumentation for the Process Industries at Texas A&M College.

JOHN F. GORDON, *president, General Motors Corp.*

People Make the Difference

Today, we are told, people have become mere cogs in a machine. There is no room left for individuality. To this I say—tommyrot!

It is not true that modern civilization puts a premium on conformity. The individual today has far greater opportunity to express his individuality than ever before in history.

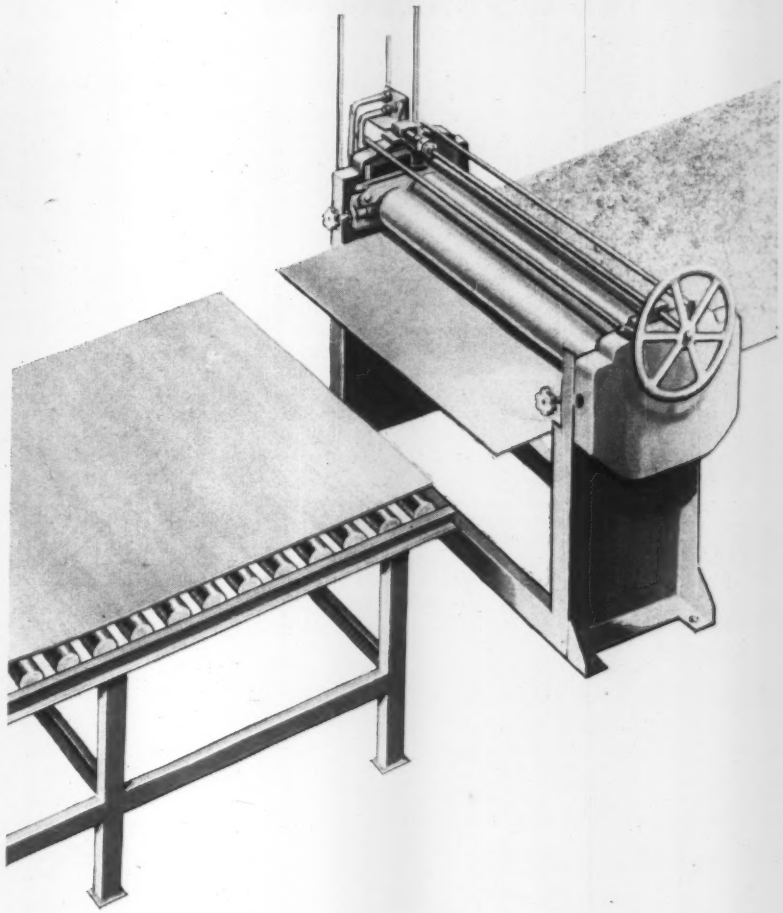
Contrary to what some people would have us believe, business organizations have no desire to submerge the individual or force him to become what has been called an "organization man." Business recognizes the importance of enabling employees to develop themselves.

Long ago, we recognized that other companies can erect buildings similar to ours. They can buy the same equipment and the same raw materials. Reservoirs of capital are available to them as to us. The same technical knowledge is available to all. And all can have access to the consumer on equal terms.

There is only one thing one company can have that others cannot duplicate, and that's people. People are what make the difference between one company and another.

From a speech at the Scholarship Award Banquet of the Fisher Body Craftsman's Guild.

...and we'll be glad to help you



Your Masonite fabricator will deliver ready-for-use hardboard parts in any shape, made to your engineered drawings and specs —in any quantity your job requires. He offers you complete facilities for die-cutting, punching, shaping, routing, forming. He provides a variety of finishes: paint, wood grains, laminates. He supplies parts complete with printing or silk-screening.

Wherever you use flat panels, wood or metal, ask to see the big savings Masonite® hardboard offers—the *tremendous* savings on tooling. Your fabricator will be glad to help you work the product into your picture.

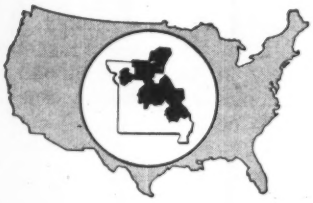
MASONITE®

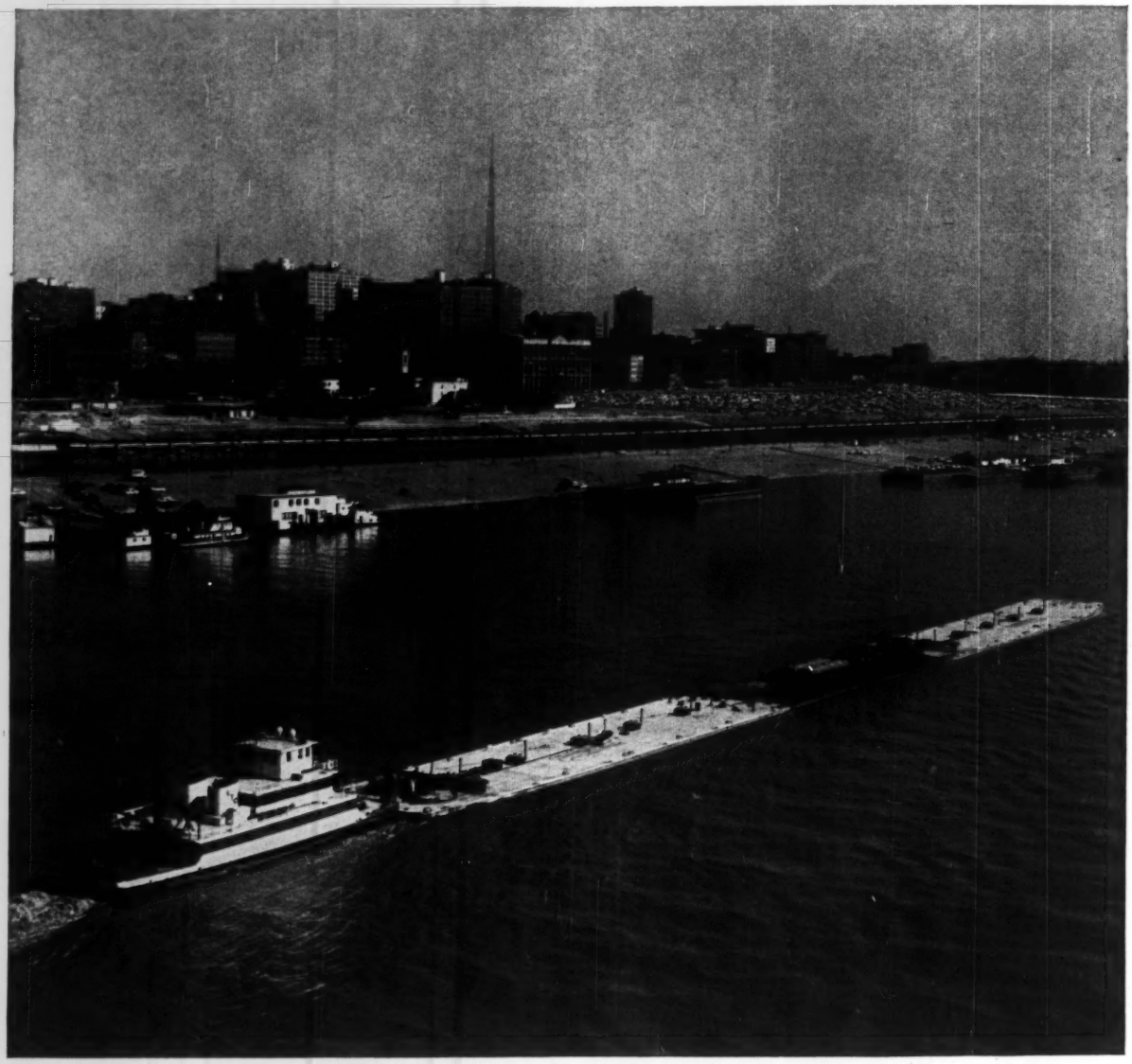
FABRICATORS

Cincinnati, Ohio, Blue Ash and Hunt Rd. **Los Angeles, Calif., 1577 Rio Vista Ave.**
Elizabeth, N. J., 600 Progress St. **Thomasville, N. C., 500 Carolina Ave.**

® Masonite Corporation—manufacturer of quality panel products for building and industry.

Union Electric Service Area . . . strategic center of America for INDUSTRIAL WATER





The mid-continent rivers make up the world's greatest inland waterway, connect 29 markets in 20 states.

contact: *J. E. Johanson, Manager, Industrial Development,*
UNION ELECTRIC CO., St. Louis 1, Mo.

now just reel off your dictation

the new DeJUR GRUNDIG STENORETTE system will do the rest

STENORETTE® "T" The transistorized, tubeless, 1960 model Stenorette® "T" offers the world's speediest dictation and transcribing. Amazing magnetic tape, pushbutton operation and microphone keep your work error-free always. Automatic signal warns you when end of tape is approaching. New illuminated Linear Progress Scale pinpoints tape position. Three distinct sensitivity settings for normal, close or conference dictations are provided. The easily adjustable microphone "review" button lets you listen in to any part of dictation, for flawless editing. Telephone accessory permits complete recording of two-way phono conversations. Teamed with the portable Stenorette Companion, you have the greatest compatible dictating/transcribing system ever achieved ...for office, branches or travel. Complete with transcribing or dictating accessories.

$199.50 plus F.E.T.

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Please send me complete information on ☐ Stenorette® "T" ☐ Stenorette® Companion

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STENORETTE® COMPANION This self-powered, portable dictating machine makes all others obsolete because it's as compact as a salesman's order book, carries its own built-in lifetime battery, performs like a full size dictation unit, magnetic tape can be transcribed on compatible Stenorette "T" in office. Check these six great features: 1. Equipped with Magnetic Tape it lets you dictate in a moving car, train, plane or even walking. 2. Just like the full size office machine, push button controls let you dictate, review, correct mistakes and give every recording need. 3. Automatic settings give choice of personal or conference dictation. 4. Power supply lasts for years when used together with the combination accessory—the charger AC adapter. 5. Rugged for move-about field conditions. 6. Fully transistorized for long, trouble-free performance.

$199.50 plus F.E.T.

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®REGISTERED TRADEMARK
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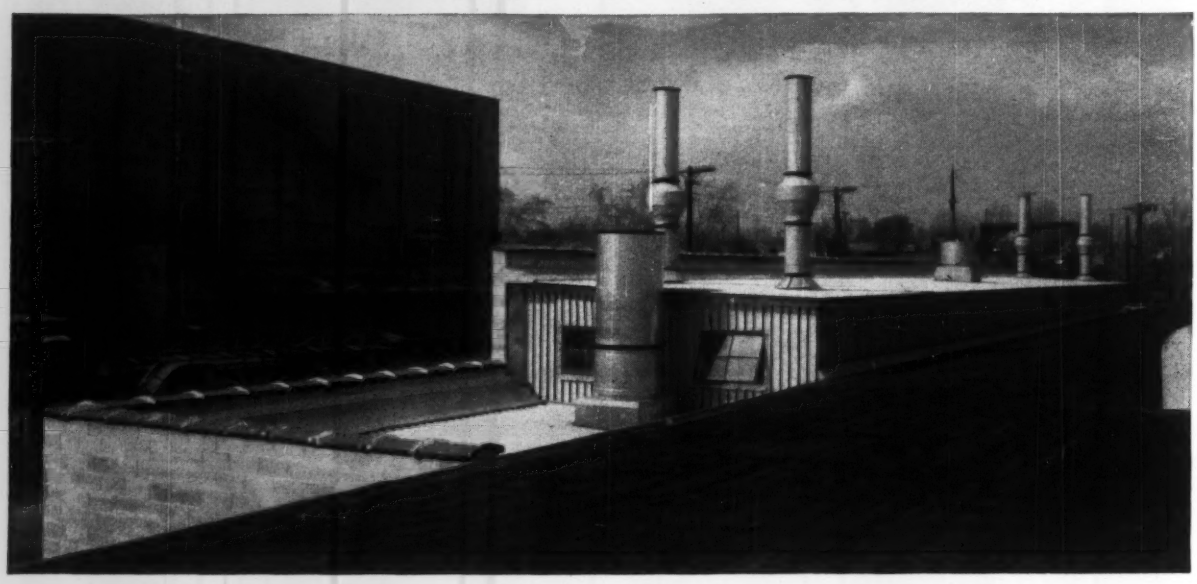
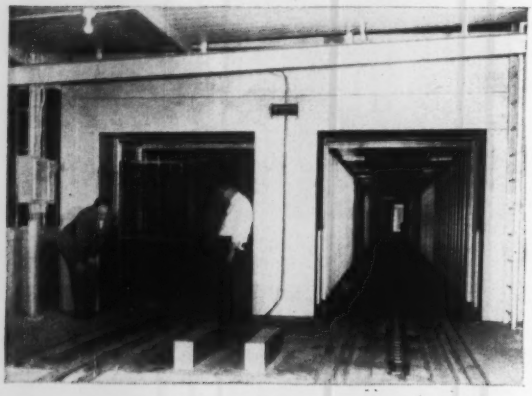
FINISHING SYSTEMS...



Stout Sign Company Eliminates Production Bottleneck with Conveyorized Paint Baking Equipment!



In the two ovens above, installed at Stout Sign Company, St. Louis, Mo., uniform drying is accomplished by four recirculating zones in each oven. Hot air is forced across the oven by pressure and suction controlled by banks of narrow, vertical apertures in the oven walls which extend from floor to ceiling. These narrow apertures assure even distribution of hot recirculated air, and cause the air to flow horizontally through the sign racks and over the work. The direction of air flow is reversed in each successive zone. Air is recirculated at the rate of 13 oven volumes per minute.

Mahon engineers were called in to solve a paint-baking bottleneck in the production of metal signs painted with the silk screen process. This application process necessitates stacking freshly painted signs in a horizontal position, with only two inches of air space between, in specially built racks. Stout Signs had previously been baked in this manner in batch-type ovens.

The solution arrived at by Mahon engineers was two parallel tunnel-type, conveyorized ovens built as a single unit adjacent to the plant. Each oven was provided with independent temperature and conveyor speed controls and was designed to utilize existing sign drying racks which were modified and adapted to conveyor use.

The Stout Sign Company is now able to control temperature and time-length of the drying and baking process to meet any finish requirements . . . they are relieved of much manhandling of racks, and are free from excessive paint fumes and dust and lint troubles; production flows smoothly, and the quality of finish on their product is vastly improved.

The enthusiasm of a satisfied customer is best evidenced by the following excerpt from a letter recently received from Stout Sign Company: "Let me congratulate you and your entire engineering staff on an accomplishment beyond our expectations."

When you consider new finishing equipment or processing equipment of any type, you, too, will want to discuss your requirements with Mahon engineers.

THE R. C. MAHON COMPANY • Detroit 34, Michigan

Sales-Engineering Offices in Detroit, New York, Chicago, Los Angeles and San Francisco

Engineers and Manufacturers of Complete Conveyorized Finishing Systems: Metal Parts Washers, Metal Cleaning and Rust Proofing Machines, Conveyorized Cleaning and Pickling Machines; Dry-Off Ovens, Spray Booths, Electrostatic Spray Enclosures, Flow Coaters, Dip Coaters, Finish Baking Ovens, and Paint Stripping Equipment; Core Ovens, Soldering Ovens, Dehydrating Ovens, Heat Treating and Quenching Equipment for Aluminum and Magnesium; Dust and Fume Control Installations, and Many Other Units of Special Plant and Production Processing Equipment.

See Sweet's Plant Engineering File for Information and Representative Installations, or Write for Catalogue A-659

. . . the **EXPERIENCE** that goes into the **PLANNING** and **ENGINEERING** of **MAHON EQUIPMENT** is the item of **GREATEST VALUE to YOU!**

MAHON

Full of surprises— Ozalid's new

STREAMLINER 200

It's like magic—the speed and ease with which the new "200" eliminates time-wasting hand-copying and typing . . . puts perfectly dry, accurate copies of engineering drawings, business forms or correspondence in your hands for immediate use!

Check these "big machine" features that place full-width whiteprinting facilities right at your elbow:

Wide, 42-inch printing capacity • Front and rear print stacking • Simple, "turn on—turn off" dry developing system • Hook-on tracing receiving tray (optional at extra cost).

Biggest surprise of all is the price: low enough to suit almost any budget!

Find out more about this whiteprint wonder-worker today! Just mail the coupon to: Ozalid Division, General Aniline & Film Corporation, Johnson City, New York.

Whiteprint machines
Microfilm equipment
Audio-visual products
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OZALID

Division of General Aniline & Film Corp.,
In Canada: Hughes-Owens Co., Ltd., Montreal

Ozalid, Dept. H-10,
Johnson City, N.Y.

Please send me descriptive brochure on the Streamliner 200.

Name_____

Company_____

Position_____

Street_____

City_____ Zone_____

State_____

IS YOUR INTERCOM FAILING TO "INTER"?

CURE THIS WITH P·A·X BUSINESS TELEPHONE SYSTEM

The ailment: Bigger outfit, more people, more squawk boxes. But the squawkers have outgrown their usefulness. Now the Braves can't talk to the Chiefs, the place is a bedlam, and everybody's back to walking.

The cure: The Automatic Electric P-A-X business telephone system, which gives everyone in your organization a *private* "inside line" to everyone else—and still leaves your switchboard free to accommodate outside calls!

Save man-hours, manpower, and money—with P-A-X. With P-A-X, your people will simply dial and talk, instead of "squawking"! They'll save time and temper, using P-A-X to *get things done*. And your operator is free to give prompt, intelligent service to outside and toll calls. You won't lose business from callers who "can't wait."

Investigate P-A-X today. Write Director, P-A-X Sales, Automatic Electric Sales Corporation, Northlake, Ill.

AUTOMATIC ELECTRIC

NORTHLAKE, ILLINOIS

It's the SECOND Telephone that marks the efficient executive!

Mail Coupon Today
FOR FREE BROCHURE
"Why So Much Industry Prefers to Locate in Debt-Free Indiana"

DIRECTOR, INDIANA DEPARTMENT OF COMMERCE
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INDIANAPOLIS, INDIANA

Dear Sir:
Please send me a copy of your new 40-page brochure.

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ADDRESS_____

CITY_____ STATE_____

WHY *debt-free* INDIANA

LEADS THE NATION IN NEW-PLANT CONSTRUCTION

per capita

FOR THE 6th STRAIGHT YEAR!

RIGHT-TO-WORK LAW!

The first such law enacted (and *kept!*) by a major industrial state.

NO CORPORATION TAX!

No manufacturer's tax! *No* value-added tax! *No* net worth tax! *No* penalty tax! *No* "use" tax! *No* sales tax! *No* "nuisance" tax!

ONLY ONE TAX-RATE INCREASE IN 28 YEARS!

Other state and local spending is increasing 37% faster than revenue. But in Indiana we live *within* our income!

NO STATE DEBT!

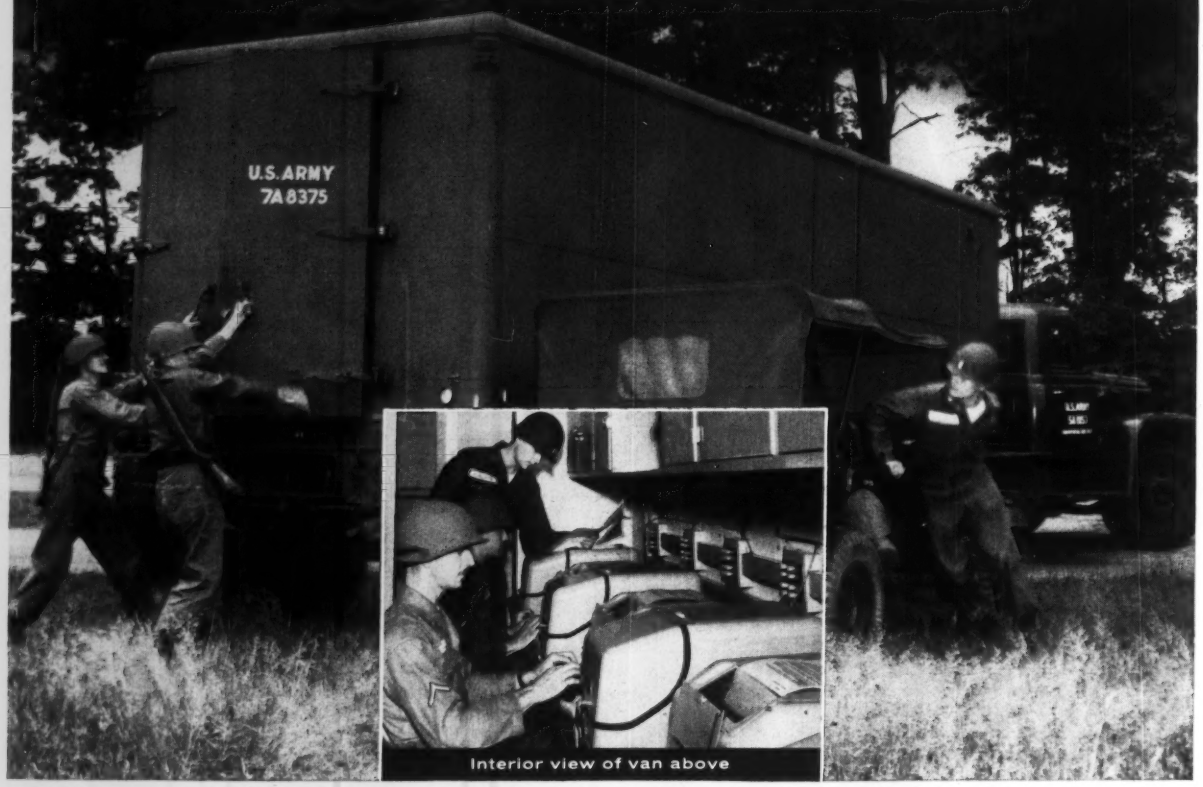
Indiana is one of only 16 states still living within their income (as against 47 in 1946). Indiana has *none* of the $60 billion state and local debt (which was only $16 billion in 1946). Since Indiana's constitution *forbids* bonded state debt, our new industries don't pay yesterday's bills!

CENTER OF EVERYTHING!

National *manufacturing* center, *market* center, *sales* center, *shipping* center, *distribution* center, *warehousing* center, *population* center!

NERVE CENTER

for teleprinted messages



Interior view of van above

Kleinschmidt teletypewriters move up with the U. S. Army, operating without interruption under combat conditions

Constant contact, *in print,* between combat headquarters and widely-dispersed field units! Developed in cooperation with the U. S. Army Signal Corps, Kleinschmidt teletypewriters in this mobile communications center are capable of sending and receiving thousands of teleprinted messages a day. Operation is fast, accurate, dependable, simple. In recognition of proved performance, Kleinschmidt equipment for the U. S. Army is manufactured under the Reduced Inspection Quality Assurance Plan. Now Kleinschmidt experience points toward new accomplishments in electronic communications for business and industry. The new concepts, new applications are virtually unlimited.

KLEINSCHMIDT

DIVISION OF SMITH-CORONA MARCHANT INC., DEERFIELD, ILLINOIS

Pioneer in teleprinted communications systems and equipment since 1911

THE DISCERNING CUSTOMER IS OUR BEST CUSTOMER

For he knows that the big difference in aircraft conversion and modification is AiResearch quality and reliability.

We are proud of the fact that 75% of our business is *repeat* business... companies returning with additional planes to be converted into business aircraft and convertible cargo-passenger airliners.

Employing more than 500 of the most skilled and experienced engineers, technicians and craftsmen in the industry, the AiResearch Aviation Service facility includes more than 100,000 square feet of floor space all under one roof.

This is why those who insist upon the best choose AiResearch Aviation Service.

Beauty · Performance · Durability · Safety · Reliability

Typical of the finest in custom interiors created through quality engineering at AiResearch Aviation Service is this Convair 340 executive aircraft.

THE GARRETT CORPORATION

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AMONG THE THREE LEADING EXECUTIVE AIRCRAFT...

THE ON MARK MARKETEER

OUTPERFORMS THE FIELD!

	AIRCRAFT "A"	ON MARK "MARKETEER"	AIRCRAFT "B"
CRUISE SPEED:	226 MPH	315 MPH	215 MPH
MAXIMUM CRUISE RANGE:	1,550 MILES	2,600 MILES	1,626 MILES
PAYLOAD:	1,900 LBS.	11,000 LBS.	3,250 LBS.
PASSENGER CAPACITY:	2 to 4	7 to 8	5 to 6
COST—EQUIPPED AND CERTIFICATED:	$205,000	$205,000	$187,000

When you consider the cost of three of the most popular twin engine corporate aircraft (see above), the vast differences in performance and load characteristics overwhelmingly favor the ON MARK MARKETEER. With a cruise speed up to 100 mph faster, the MARKETEER's long range is greater by as much as 1000 miles...its payload several times that of the other two...and the MARKETEER accommodates seven or eight passengers in supreme comfort, *plus* pilot and copilot in an airliner-type cockpit!

The ON MARK MARKETEER, a remanufactured Douglas B-26, includes these many desirable features in the model selling for $205,000:

Side entrance door with aft ring spar • Large picture windows • Complete walk-in toilet facilities • 103" combination Radar-baggage nose • New Bendix weather Radar installation • Twin R-2800-75/79 2000 HP engines • New style wing tip tanks • New style dual controls • New style canopies • Custom instrument panel • Dual Collins communication-navigation equipment • Dual ARC ADR's • Dual Collins glide slopes • DC-6 type wheels and brakes • 100,000 BTU heater • New Scott oxygen system • Ceconite covered control surfaces (10 yr. life) • Multiple speakers in cockpit and cabin • All double thickness tinted windows • Chrome plated landing gear • Deluxe executive interior • Custom exterior finish.

Leasing arrangements can be made for the MARKETEER, and trades will be accepted. Other MARKETEER models range in price as low as $80,000 depending upon optional equipment and customer specifications. Before making a decision to purchase *any* executive aircraft, send for our illustrated brochure and complete information regarding the many versions of the MARKETEER. Please address your inquiry to Robert O. Denny, President.

ON MARK *Engineering Company*

7929 Hayvenhurst Ave., Van Nuys, Calif. • TRiangle 3-1030 • Cable address: ONMARK

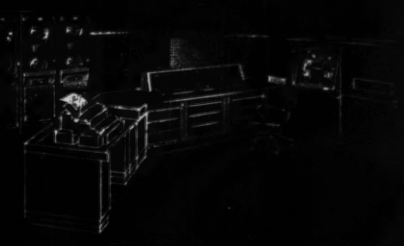
WORLD'S MOST EXPERIENCED CORPORATE AIRCRAFT DESIGNERS AND ENGINEERS REMANUFACTURING DOUGLAS B-26 AIRPLANES

Sound decisions depend upon fast, accurate facts

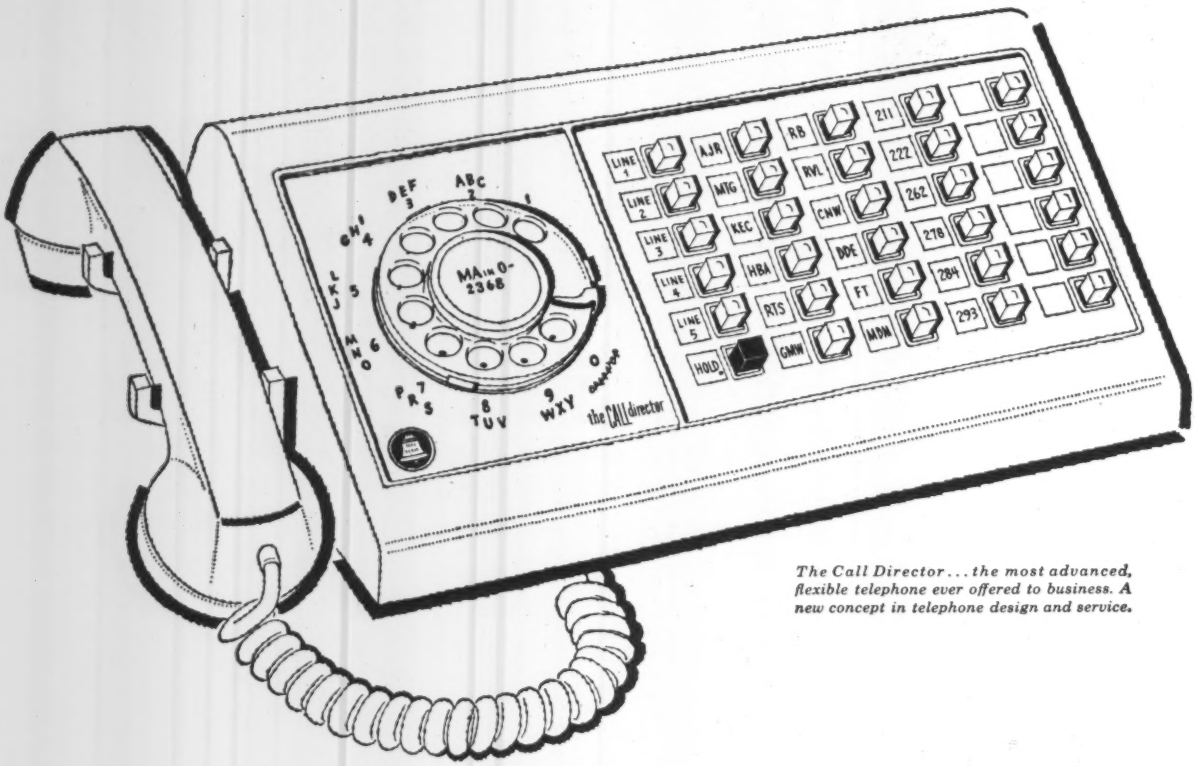
Management decisions must be based upon up-to-the-minute facts. With so much at stake, there can be no doubt of accuracy, no loss of time, in reducing mountains of data to "decisionable" facts. The Philco Transac S-2000 all transistor data processing system provides unequalled accuracy and speed. First in fully transistorized data processing, Transac S-2000 offers outstanding economies in installation, operation and maintenance. It assures freedom from obsolescence . . . being asynchronous it can be updated without changing existing programs. Before making your decision on a large scale data processing system, get the facts on Transac . . . the computer that changed the industry.

transac S-2000 by PHILCO

First in Transistorized Data Processing



GOVERNMENT AND INDUSTRIAL DIVISION • 4700 WISSAHICKON AVENUE, PHILADELPHIA 44, PENNSYLVANIA



The Call Director... the most advanced, flexible telephone ever offered to business. A new concept in telephone design and service.

Q. What's Western Electric's big job in the Bell Telephone System?

A. Since 1882 we've been providing ever-improving telephones and telephone equipment...that's our main job as the manufacturing and supply unit of the Bell System.

Western Electric

MANUFACTURING AND SUPPLY UNIT OF THE BELL SYSTEM

Business Front

JOSEPH R. SLEVIN

WASHINGTON, D.C.—Congress left town last month after giving President Eisenhower much of what he wanted and very little that he didn't want. The legislative session lasted just over eight months. When it began, a fading, two-term President was faced by triumphant Democratic majorities that had just won an overwhelming victory in the November 1958 elections. When it ended, the two-term President looked solid as a rock, and the huge Democratic majorities had become little more than an interesting numerical phenomenon.

Mr. Eisenhower got the breaks. He didn't succeed just by the sheer force of a refurbished personality and a revived dedication to conservative Republican principles. His biggest and best break came when the business recovery began to pick up speed at a startling clip during the winter.

The change from recession to boom wrecked the Democrats' legislative program. They had counted on a sticky unemployment situation and a relatively slow recovery to win Congressional votes for big airport construction, housing, depressed areas, community facilities, and jobless benefit bills. But support for the Democratic economic measures crumbled as the boom gained momentum. Mr. Eisenhower had started lambasting the "spenders" and warning against inflation shortly before the November election. It suddenly became painfully clear to the Democrats that he had the winning issues, and they didn't.

The Democratic anti-recession program breathed its last in early spring, when Sen. Lyndon B. Johnson made a grandstand play to an AFL-CIO unemployment conference by ramming through a resolution to establish a special commission to investigate joblessness. House Speaker Sam Rayburn quietly pigeonholed the measure when it reached his desk.

Labor gets its lumps

Perhaps there has been no Congress of which organized labor expected more and from which it got less. The big Democratic majorities not only didn't enact the anti-recession program, but they sidetracked the $1.25 minimum wage and aid to education and clobbered labor with a surprisingly severe anti-racketeering union "reform" bill (see p. 85).

A breakdown of the labor bill voting helps explain Mr. Eisenhower's notable success in dominating a Democratic-controlled Congress. The majorities in the Senate and the House are not exactly what they seem to be on the surface. There are many different kinds of Democrats, and the votes for a tough labor bill came from a powerful coalition of Republicans and conservative Southern Democrats.

There will be strong pressure in 1960 for enactment of many of the liberal economic and social measures that Congress shunted aside this year. The chief roadblocks in the way of the liberals will be the same Republican-Southern Democrat coalition that pushed through the labor bill—and a veto power that Mr. Eisenhower used with devastating effect this year.

The Democrats can get a bill through the Senate and the House by winning the support of a majority of the members. But it takes a two-thirds vote in each house to override a veto, and that is something the Democrats have managed to put together just once. The President successfully vetoed a controversial Rural Electrification Administration bill, a pair of farm price support measures, two successive omnibus housing bills that he denounced as inflationary, and a $1.21 billion public works bill that contained 67 new project "starts" that he did not want. He lost only when he vetoed a $1.185 billion second-try public works measure that still had the controversial 67 starts.

Mr. Eisenhower can't get everything he would like from Congress, but he has demonstrated that more often than not he can keep it from writing laws that he dislikes. Since it's the Democrats who want the Federal Government to do more and the President who wants it to do less, it is more valuable to Mr. Eisenhower to be able to negate Democratic moves than to be persuasive.

He did sign a bill that provides for

» *The "spenders" march back down Capitol Hill under a barrage of Presidential vetoes.*

» *Here lies the Democrats' anti-recession program—the victim of prosperity.*

» *Uncle Sam plans to put the bite on Japan and Western European nations to help foot the foreign aid bill.*

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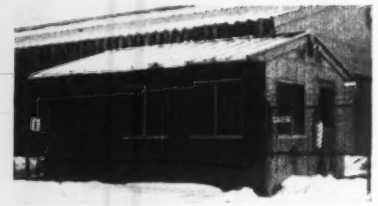

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$100 million of direct Government housing loans to veterans, because it also grants a request for authority to boost the Veteran's Administration loan rate to 5¼ per cent from 4¼ per cent. Similarly, he approved a bill that tightens up the veterans' pension system, even though the same measure initiates a vast new World War II widows' benefits program. But these are the exceptions, not the rule.

Fear of a veto led Congress to slash the airport aid bill before it sent the measure to the President last spring. Mr. Eisenhower subsequently signed a long-sought bill authorizing the Tennessee Valley Authority to sell revenue bonds only after Senate and House leaders gave firm assurances that Congress promptly would pass a bill repealing a section of the TVA measure that the President believed would curtail the budget-making power of the Executive.

Other important bills that Congress passed included the Hawaiian statehood measure, a permanent life insurance taxation program, a basic revision of the required reserve structure of commercial banks that belong to the Federal Reserve System, and an increase in the U.S. quotas in the World Bank and the International Monetary Fund.

When Congress said No

Congress refused to grant Mr. Eisenhower's request for higher postal rates to eliminate the post office deficit, and it yielded not an inch to Presidential pleas for less rigid farm price supports. Mr. Eisenhower demanded a 1½ cent a gallon increase in the gasoline tax, and Congress grudgingly voted a one-cent boost last month. The President's gravest defeat came when he urged Congress to remove the 4¼ per cent statutory interest rate ceiling on Government bonds that mature in more than five years. The Treasury can't sell bonds because the going rate is above the 4¼ per cent ceiling, but Congress refused to repeal the limitation.

Many Democrats opposed the request in order to vent their spleen against Federal Reserve tight-money policies. A number of Democrats figure that they now have an issue to counter Administration charges that Democrats are "spenders." They intend to accuse the Republicans of fostering high interest rates.

continued on page 48

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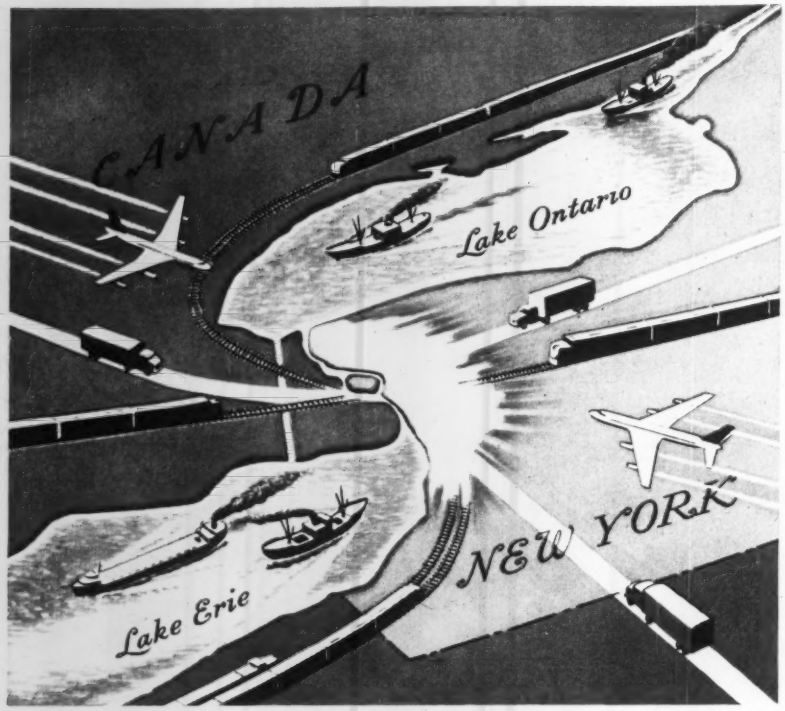

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There are good manufacturing sites available on the Frontier. Pure water is limitless; low cost power is plentiful; there's ready access to all kinds of raw materials; a solid labor force offers skill as well as brawn. For specific information on available sites for your business write, wire or phone the Director of Area Development, Niagara Mohawk Power Corp. Dept. D-10, Erie Blvd. West, Syracuse 2, N. Y.

NIAGARA MOHAWK

Burden of Foreign Aid

The Administration plans to increase the pressure it has been bringing to bear on Western European nations and Japan to help finance underdeveloped countries. It doesn't think they are doing their share. Treasury Secretary Robert B. Anderson and other high officials are deeply worried by the persistence of a large U.S. payments deficit and by a continuing heavy outflow of gold in settlement of overseas transactions.

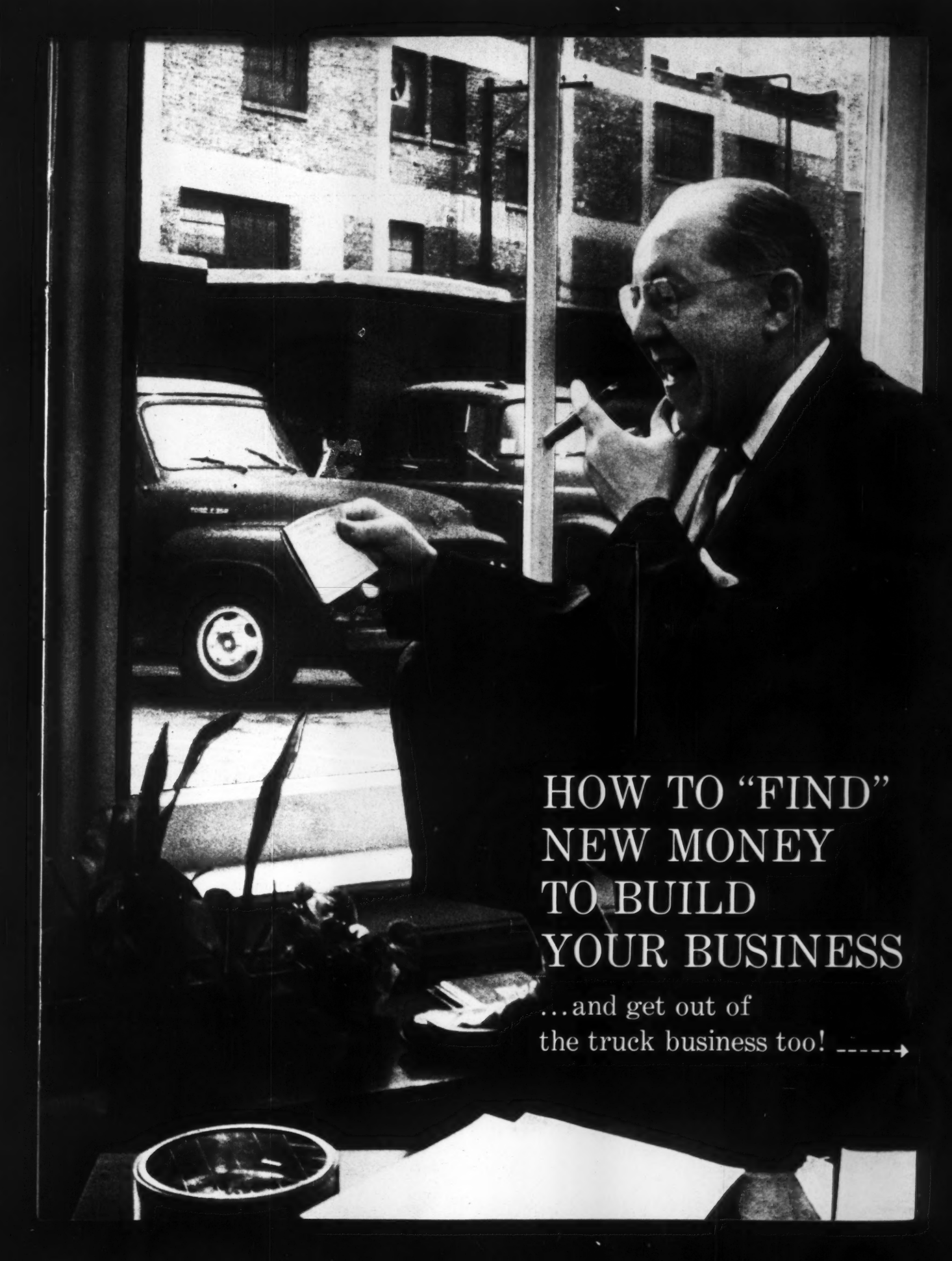
Foreign countries have added $13.5 billion to their gold and dollar holdings through dealings with the United States since 1949. They picked up $3.4 billion in 1958, and the best current guess is that they will add another $4.5 billion this year. Expectations are that rising exports will moderately reduce the payments deficit, but the Administration sees no immediate hope that it will be cut to manageable size unless other countries take on a larger part of the free world's financial burden.

High Cost of Borrowing

Interest rates still are rising, and no one pretends to know how high they will go. It costs more to borrow money now than at any time since right after the 1929 crash. Borrowing charges are going up partly because of heavy loan demands that accompany rising business activity and partly because of continuing expectations of inflation. The Administration hopes that there will come a point at which interest rates will encourage saving and discourage excessive spending and will attract money out of equities and into fixed return obligations. There have been signs that the point is being approached, but there's no evidence it's been reached.

Building Estimates Low?

Government economists are sceptical of the official reports of commercial building activity. They think the estimates may be too low, not too high. They admit that they don't have much to go on. But after a recent swing through major cities, a high Administration adviser said he saw enough new office buildings under construction to convince him that the official estimates are too low. Construction figures generally are conceded to be the worst of the Federal statistical series. Improvements are being made, but slowly. END


HOW TO "FIND"
NEW MONEY
TO BUILD
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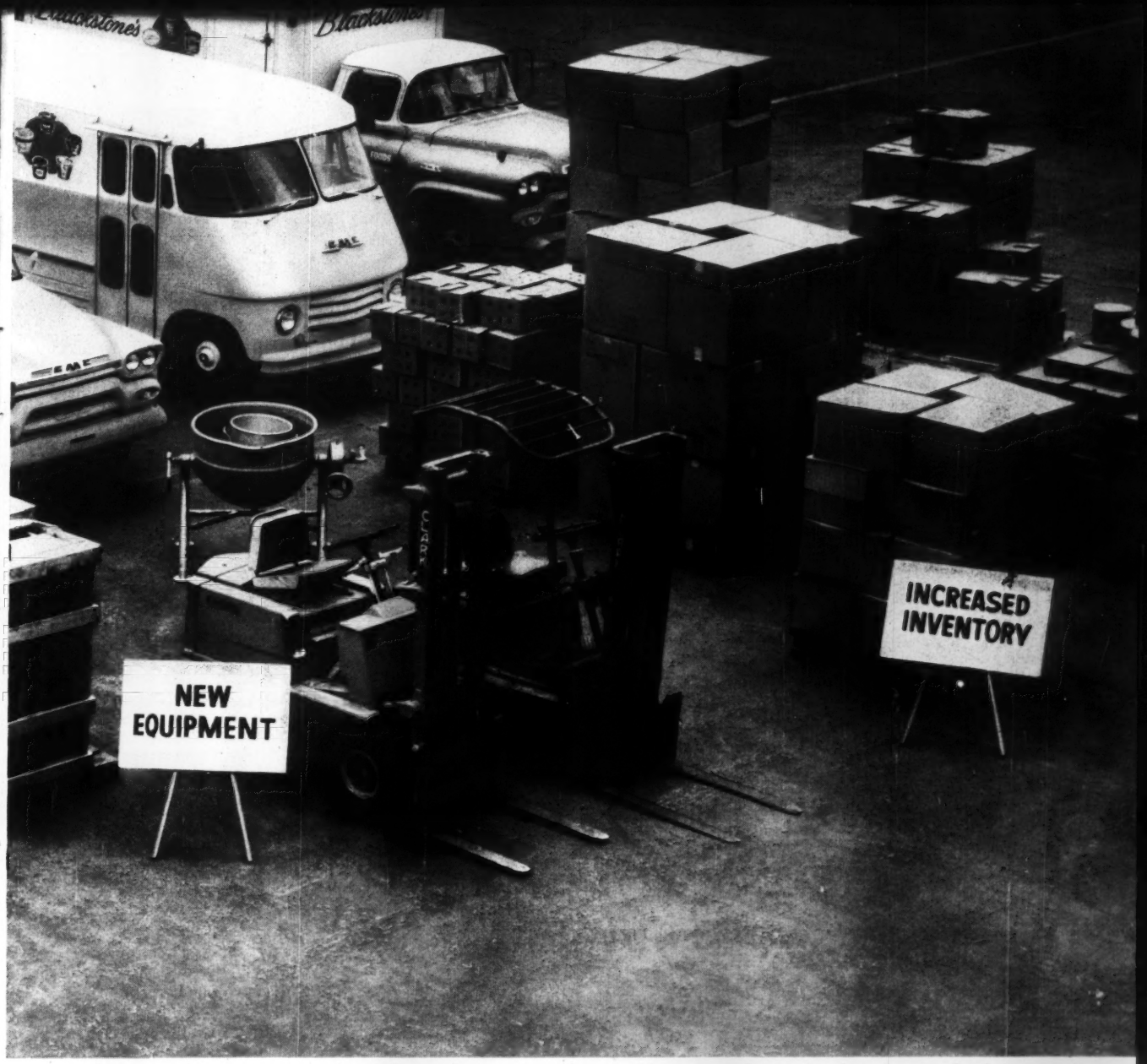
...and get out of
the truck business too!

Lease Hertz Trucks and turn tied-up capital into profit-making inventory, equipment or facilities



Even a small fleet or a single truck can tie up money that would serve you better elsewhere in your business.

Let's face it: companies run on money. But today, we're in another "tight money" period. Business loans are harder to get. Interest rates are sky-high. In short, it's rough getting money when you want it.

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You are dealing with America's oldest, largest, most experienced truck lessor. Hertz has more than 500 locations in the U. S. and Canada, to give you early delivery, prompt service. Hundreds of satisfied companies testify that Hertz Truck Leasing *works*.

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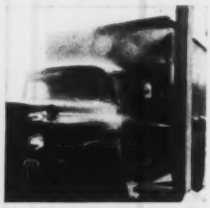

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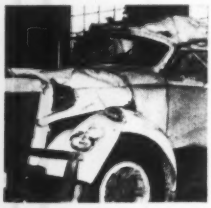

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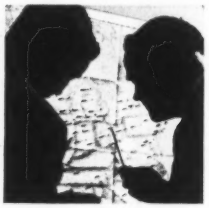

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Have Americans gone soft searching for security? Or have our broad social benefit programs brought compensating advantages to the nation and the individual worker? A leading business thinker, once an arch-conservative, offers a provocative answer.

Too Much Security?

CLARENCE B. RANDALL

THOUGHTFUL AMERICANS everywhere are asking themselves searching questions about what lies ahead for our nation in a world where suddenly we are confronted with a totally alien way of life which seems to be making unmistakable progress.

It is high time, indeed, that we paused to take stock and to make up our minds what are the supreme values and the menacing weaknesses of the American way of life.

Business men, particularly, want to know what makes our economy tick, so that they may judge whether we can successfully face up to the new world competition and whether the United States will still be the land of opportunity for their sons and grandsons.

Some say that we are invincible; that the strength of our system of production, sustained as it is by the creative force of individual initiative, will forge ahead irresistibly, no matter what happens elsewhere.

Others say that we have gone soft; that the clippership daring of our trading ancestors and the fearlessness of the pioneers who conquered the West have been drained from us by the sophistication of modern life; that in the search for security we have lost incentive.

This I challenge. This charge, tragic if true, is in my opinion definitely false.

On the contrary, I believe that the modern forms of personal security which now shape our entire society are desirable, in that they give new balance to the economy and bring to the individual a new steadiness of purpose which greatly increases effort.

Certainly the record supports this view and belies the allegation that we have gone soft. The broadening of social benefits has coincided with the greatest surge of industrial expansion that our country has ever known and with the period of our economy's most imaginative and creative resiliency. If these new measures were all evil, we ought to be in a complete tailspin right now.

All of this revolutionary social change has come about in my day. Step by step, I have seen it come to pass—workmen's compensation, unemployment compensation,

social security, old age benefits, company pensions, group insurance, special privileges and payments for veterans, health insurance, supplementary unemployment benefits, insured education plans, and all the rest of our complex fabric of social protection for the individual.

I grew up and entered business under the old way, then came to retirement under the new. Almost without exception, I resisted each new change. Almost invariably I was wrong, as it turned out.

What does it all cost?

We often see the most frightening estimates of what all this costs in terms of percentage of total payroll. Trade association officers, commentators, and professional economists are all prone to ring this particular alarm bell, saying that the cost of fringe benefits has doubled in twelve years. They are fond of computing for various industries what the total social cost amounts to in cents-per-hour of total wage.

This, too, is good. The American people ought to know the precise facts. They should understand clearly what is happening in order that each citizen may make his own decision as to whether this changing social pattern is good for our country.

But the question is not merely what it costs, but rather what society receives in exchange. Industry has long since learned this lesson from its capital investments for machinery and equipment. It knows that where the principal is clear, no cost is too high if the value returned is still greater.

Of course, there is a limit to the burden industry can bear, but the trouble here is that the money cost is easily ascertained, while the values received are such that they cannot be charted or tallied on the balance sheet. They must be sensed rather than audited. Only a subtle and willing mind can comprehend them.

What are these values?

Above all, the power that flows from pride of performance, that deep inner satisfaction with life which only a man free from anxiety can experience. No worker comes on the job alone. Inevitably, he carries with him in his thoughts affection for his family and devotion to all the plans and purposes which give meaning to his life. Effort is response to the desire to achieve cherished objectives. Threaten those ideals, suggest that those purposes may be frustrated because of economic insecurity, and reduction of effort inevitably follows. But give him an abiding sense of continuity as he looks toward the future and certainty of fair play from his employer in the sharing of mutual adversity, and you bring into play one of the strongest motivating forces in human character —loyalty.

In other words, the matter is not so simple as a problem in mathematics, or even in economics. It is also a problem of human relations and of team play in an enlightened democratic society.

It is said, however—rather sententiously—that this broadening pattern of social benefits reduces personal mobility. Factually, the statement is true. But must we assume that this cutting down of mobility is necessarily bad from the viewpoint of society as a whole?

At somewhere around age 35, the pull of pensions, seniority, and vested interest in the job begins to influence a man, whether he operates a crane or serves as a junior executive, and as the years pass, this pull stiffens until the man is permanently frozen in his job.

Career prospecting

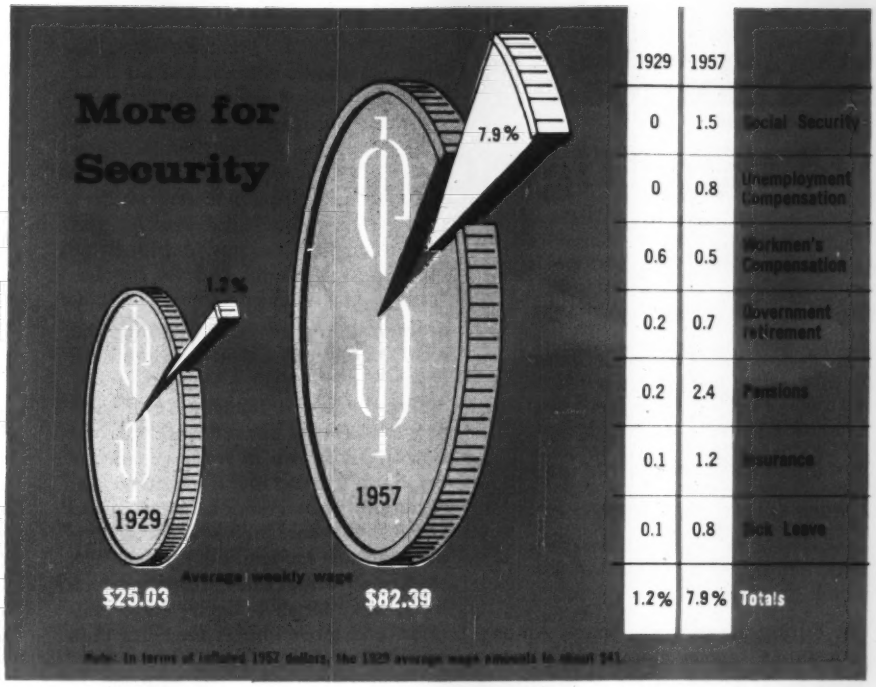
Below age 35, however, there is still almost complete fluidity. Try to recruit an outstanding member of the senior class of any college, and you will find out quickly how little interest he has in job security or pension plans. All he wants to know is how high the starting salary is and how soon he can get to be a vice president.

There is no substitute for trial and error in arriving at a wise choice with respect to a decision on a lifetime career. A good hunting dog must quarter the field before he can flush the bird.

But there comes a time when, both

CLARENCE B. RANDALL practiced law for ten years before joining the Inland Steel Company in 1925. He became its president in 1949 and was chairman of the board when he retired in 1956. His interest in social and economic affairs began during his business career and has continued since his retirement. In 1948, as first steel and coal assistant to the Economic Cooperation Administration, he helped launch the Marshall Plan. He was chairman of the Randall Commission on Foreign Economic Policy in 1953, and since then he has been a special Presidential adviser on foreign economic policy.

A prolific writer, Mr. Randall has expressed his views on free enterprise and management responsibilities in a number of articles (see, for example, DUN'S REVIEW, June 1959, page 47) and several books. His latest book, *The Communist Challenge to American Business*, just published by Atlantic-Little, Brown, is reviewed on page 140.



1929	1957	
0	1.5	Social Security
0	0.8	Unemployment Compensation
0.6	0.5	Workmen's Compensation
0.2	0.7	Government retirement
0.2	2.4	Pensions
0.1	1.2	Insurance
0.1	0.8	Sick Leave
1.2%	7.9%	Totals

Note: In terms of inflated 1957 dollars, the 1929 average wage amounts to about $41.

for his own good and that of the economy, a young man should settle down and square away on a job in which he will get progressively more effective as the years pass. Skill is the product of ability, plus experience. Mastery of a task requires long familiarity, and it seems clear that whatever tends to bring stability into the employment of mature people raises the productivity of all effort and, thus, benefits the economy.

In my earlier years, I lived and worked under the other system, where hiring and firing were daily occurrences and where employment was in a constant state of change. If the man didn't like something the boss said, he laid down his tools and walked off the job. Or conversely, if the man was five minutes late, he was sacked. There was no climate of continuity, no thrifty conservation of experience.

The wages of job jumping

Job jumping of that sort bred industrial vagrancy and was the complete antithesis of orderly promotion. Maximum efficiency and low cost are a result of disciplined team play. The pros will beat the amateurs every time. Furthermore, the instability in character which is either induced by, or reflected in, frequent change of employment will usually find further outlet in domestic unhappiness. All this is neatly glossed over by the use of the phrase "mobility of personnel."

Next, economic writers who are committed to the "mobility" theory say that the heavy cost of providing unemployment benefits causes the employer to pay overtime at premium rates rather than hire additional workers for what may be a short time.

Sharing the "ups"

The obvious answer to this is "So what?" The employer gets his added cost back through the greater proficiency of the experienced employees, as compared with green hands, while at the same time he strengthens the important ties of loyalty with the permanent staff. Let it not be forgotten that those who get the overtime pay are the same ones who must take broken time when the sales curve goes down. We may be very sure that the employer will add steadily to his force as soon as he believes that the business has advanced rather permanently to a new plateau, but while it is still dipping up and down, it seems best for all concerned for him to share the "up" with those who must take the "down."

It is said, too, that we have gone so soft in our search for security, have become so accustomed to having others look after us, that we have lost that tough instinct for self-preservation through old-fashioned thrift and far-sightedness which gave fiber to earlier generations of Americans.

This is easier to say than to prove. I, for one, should like to see this frequently recurring statement either documented or dropped, for I read the evidence the other way. I see no letdown today in thrift, no cutoff in the desire to make the future brighter by present sacrifice. In fact, I suspect that the new emphasis on group protection has been educational in effect and has both stimulated and implemented the incentives of personal thrift.

The new landowners

Take housing, for example. Around the great cities in general and industrial plants in particular, new subdivisions are blossoming in bewildering profusion. To own their own home and to have their own bit of good earth upon which the sun and the rain may fall is the ruling passion of every young family today. Twenty-six billion dollars of FHA-insured mortgages now in effect are proof of this.

Or take the purchase of common stocks in industrial companies by employees. Most great corporations now have more stockholders than workers, which was unheard of in the days of complete "mobility" and no social benefits.

No, we have not gone soft. We have just grown more intelligent.

The Reds try fringes

For final proof, ask the Russians. They have stolen generously from capitalism in developing their system of incentives at every step in the process. No businessman with his eyes open can longer doubt that the Russians are realistic or that they are formidable economic competitors. But look closely at what they do, as have many of our industrial teams which have visited their factories, and you will find that they have not only copied our social benefits but have extended them. They are not given to coddling anyone, and their group benefits have not made their workers soft.

So let's stop wringing our hands over the disappearance of "the good old days," when men were rugged individualists and wives were in perpetual panic, and accept the happy fact that the two forces of security and incentive can operate in parallel in our society and contribute jointly to the soundness of our economy. END

Sales Promotion Shifts into High Gear

✔ *Tougher competition is forcing manufacturers to make better use of sales promotion tools to pre-sell customers.*

✔ *New surveys show sales promotion specialists today rate larger budgets, bigger salaries, and more impressive titles.*

PROMOTE! Promote! Promote!

As business grows increasingly competitive, that is becoming the watchword of industry. In the past five or ten years, sales promotion in all its many forms has been called upon more and more to bolster the efforts of sales and advertising forces.

Company after company is employing the latest sales promotion techniques to pre-sell ultimate users of its products, to reinforce its dealers on the sales firing line, and to make its dealers' salesmen more productive.

Manufacturers are also making greater use of sales promotion to acquire dealers and to help them run their businesses more effectively.

The methods of sales promotion have long been familiar to consumer product manufacturers. But until recent years, the producer of industrial and commercial products made little use of them. He has concentrated most of his effort on keeping the goods flowing to his distributors or customers.

Today, things have changed. Competition has become a major problem for the producer of industrial goods. And so he now finds himself turning to sales promotion with as much enthusiasm as the consumer goods producer.

The growing importance of sales promotion generally is underscored by a DUN'S REVIEW spot survey of 60 manufacturers. Almost half of the respondents report they have increased their budgeted sales promotion activity during the past five years. Among consumer goods companies, more than half report such increased activity.

No cutbacks during the recession

These companies demonstrated their faith in sales promotion during the 1958 recession, when cost cutting was the order of the day. Instead of cutting back on promotion, a good 68 per cent held the line, and a quarter of the companies polled even increased their promotional efforts.

The American Management Association discovered this same recession phenomenon in a 688-company survey. This survey showed that more than 80 per cent of the respondents scheduled as much—or more—sales promotion and advertising during the recession as they did in the preceding year.

The increasing recognition of sales promotion as a distinct and separate function is shown in studies made by the Sales Promotion Executives Association. (The creation of this group about five years ago was itself evidence of this recognition.) The SPEA studies show that sales promotion men today have larger budgets, bigger salaries, and more impressive titles than ever before.

The SPEA reports that its membership polls show a 31 per cent increase during the past five years in the number of companies maintaining independent sales promotion departments. A third of the companies surveyed by DUN'S REVIEW maintain such separate sales promotion departments. However, there is no broad agreement that this is necessarily the most desirable organizational set-up.

Just how important is sales promotion in the total marketing line-up? More than half the participants in the DUN'S REVIEW survey put at least 10 per cent of their selling outlays into sales promotion activities. Among almost half the consumer goods com-

New Patterns in Sales Promotion

(*Among manufacturers who use distributors or dealers*)

Type of promotion	Per cent increasing	Per cent cutting back	Per cent making no change*
Direct-to-user or consumer promotion	48	2	39
Dealer recruitment and relations	41	9	39
Dealer selling aids	48	11	30
Dealer sales training	48	4	35
Dealer management training and aids	32	2	35

*Percentages add up to less than 100 because some companies failed to report their plans in each of the five areas.

panies queried, allocations for sales promotion run close to a third of total selling budgets.

To make sure the companies surveyed spoke the same language, DUN'S REVIEW defined sales promotion as every selling activity except salesmen's operations and paid advertising in the various communications media. Despite this exclusion of advertising, the definition is broad enough to include ad services for dealers and distributors. The theory here is that these are really dealer selling aids, not direct manufacturer advertising.

Five basic areas of sales promotion activity were compared in the survey:

- direct-to-user or consumer
- dealer recruitment and relations
- dealer selling aids
- dealer sales training
- dealer management aids.

Manufacturers who sell through distributors or dealers—whether they make consumer or industrial goods—have much in common, since both reach their ultimate customer through middlemen. But the company that sells directly to the ultimate user is in a class by itself. All its promotion is obviously aimed at that ultimate user. It was therefore not considered in this survey.

Although all five basic forms of sales promotion seem to be growing, three stand out particularly. Roughly 48 per cent of the manufacturers surveyed are stepping up promotions aimed directly at the user or consumer, dealer selling aids, and dealer sales training. Let's take a closer look at these activities.

Considerable interest is being shown by industrial products manufacturers in distributor selling aids. A good half of those surveyed are building up their selling aids programs, moving more heavily into a field that has always been basically the province of the consumer goods producer.

A case in point is the manufacturer of plumbing and heating supplies who decided to try some new tricks in promoting a new line of draft regulators. He replaced his customary drab packaging with brightly lithographed, inviting boxes. He sent the supply houses a special paperboard rack suitable for countertop display or hanging on a wall. At the same time, he provided the supply houses with descriptive promotional literature that they could hand out to contractors. The new draft regulator line took off and is flying high.

Industrial dealers need selling aids

The experience of this company is typical, says Harrison M. Rainie, Jr., a vice president of Stewart, Dougall & Associates, New York management consultants. He has witnessed a growing interest in dealer selling aids among his industrial goods producing clients.

"There are so many more choices available to the user of industrial products these days," he points out. "Marketing in this field has become much more complex. The industrial goods distributor is being forced more and more to copy the ways of the retailer. His suppliers, therefore, find they must help him by providing more selling aids."

Though they're relative old-timers in the game, consumer goods manufacturers are building up their own dealer selling aids programs. About 46 per cent of those polled by DUN'S REVIEW indicate they are expanding

Sales Promotion's Place in the Organization

Just where does sales promotion belong in the structure of the marketing organization? Some manufacturers argue strongly for a separate department, on the grounds that sales promotion is a highly specialized function. Others insist that sales promotion, because it is a form of creative communication, should be included in the advertising framework. There are also those who see sales promotion as a logical adjunct of the sales department, because it is so closely integrated with the salesman's efforts.

Among manufacturers surveyed by DUN'S REVIEW:

- Some 45 per cent make sales promotion a part of the advertising department.
- A third make it a separate operation.
- Some 17 per cent make it a sales department subsidiary.

A membership survey by the Sales Promotion Executives Association revealed:

- Almost a third of the respondents get their sales promotion money from advertising allocations.
- Some 27 per cent enjoy independently established sales promotion budgets.
- About 12 per cent are beholden to the sales budget for sales promotion funds.

GOOD APPROACH: *Typical of the trend to direct-to-consumer promotion are the free bowling clinics set up by American Machine & Foundry, maker of bowling equipment.*

their budgets for such activities. On the other hand, however, more than a fifth of these companies are going in the opposite direction, cutting back on dealer selling aids.

This countertrend is, in all likelihood, more apparent than real. Chances are it is explained by some recent changes in point-of-purchase displays, which the survey reveals to be the most important selling aids.

There is a clearly defined shifting of emphasis from cardboard-paper POP items to substantial, permanent display units. This shows up both in the survey and in the experience of spokesmen for the Point of Purchase Advertising Institute.

One big display

Many a company has found that permanent displays, although expensive individually, cost far fewer dollars in a year than do streams of paper items. A further saving is realized because such permanent items are frequently paid for in part by the dealer. A lower outlay for dealer selling aids, therefore, does not necessarily mean a less intensive effort. It may reflect a more efficient job.

Sales have increased handsomely since United States Plywood Corp.'s Weldwood Division revamped its point-of-purchase program. In place of paper, it now offers a 20-foot display of plywood panels, at a dealer cost of $160.

In addition to getting at the consumer through the dealer, manufacturers are aiming more promotional activity directly at the ultimate purchaser himself. Better than half the consumer goods producers covered in the survey are increasing direct promotion. And more than 40 per cent of the industrial goods manufacturers whose wares are sold through distributors are also promoting more heavily to ultimate users. All this is part of the trend toward pre-selling and brand identity.

According to the DUN'S REVIEW survey, the manufacturer of industrial products has been making greater use of direct mail to tell his story to product users. The consumer products manufacturer has been increasing his direct promotion through consumer contests, direct mail, educational literature, and films. Also getting greater use, though to a lesser degree, are premium offers, consumer expositions, and consumer-oriented house organs.

Despite all this emphasis on pre-selling and "silent salesmanship" by display, the DUN'S REVIEW survey uncovered surprisingly strong interest in dealer sales training.

Training the salesman and dealer

Half the consumer product companies responding to the survey are building up their retail sales training activities. There is a corresponding increase in distributor sales training by more than 45 per cent of the industrial goods manufacturers. Companies are scheduling more formal salesmen's courses, more local clinics and meetings. Product literature, slide films, and movies also are being used to help train dealer salesmen.

Kimberly-Clark Corp. has set up a sales promotion center at its Neenah, Wis., plant. It includes a 200-seat auditorium, an all-purpose entertainment room, a kitchen, and every possible audio-visual aid. The center's program, which includes courses for dealer salesmen, retail clinics and product presentations, is supported by a $200,000 operating budget. Much of the credit for the company's $155 million sales increase in five years goes to its sales promotion.

Though they appear less significant in the DUN'S REVIEW survey, dealer management aids and dealer recruiting activities are also gaining favor.

Almost a third of the companies surveyed report heightened interest in management and merchandising aids for their dealers. Local clinics and meetings are being set up with greater regularity. The industrial products company in particular is giving its distributors considerably more personal counseling. Pre-packaged stock control programs are in wider use, too.

Some 41 per cent of the survey participants are increasing their efforts to woo and to hold dealers and distributors. They are sending out much more direct mail toward this end. Retailers are receiving more and more premium offers in the form of minimum-order deals.

A catalyst for sales

Today's high-production economy rests on a base of volume sales. The base must be maintained at all costs. Loading up of a dealer's shelves won't do it. The shelves must empty quickly to make way for more merchandise. Advertising alone won't do it. The potential demand it creates must be transformed into actual purchases.

Sales promotion is the third ingredient, the catalyst that makes supply flow to demand. So long as industry continues to increase its production capacity, it's a safe bet that it will be calling on the services of sales promotion with ever-increasing urgency. —ART ZUCKERMAN

The Trade Show Question

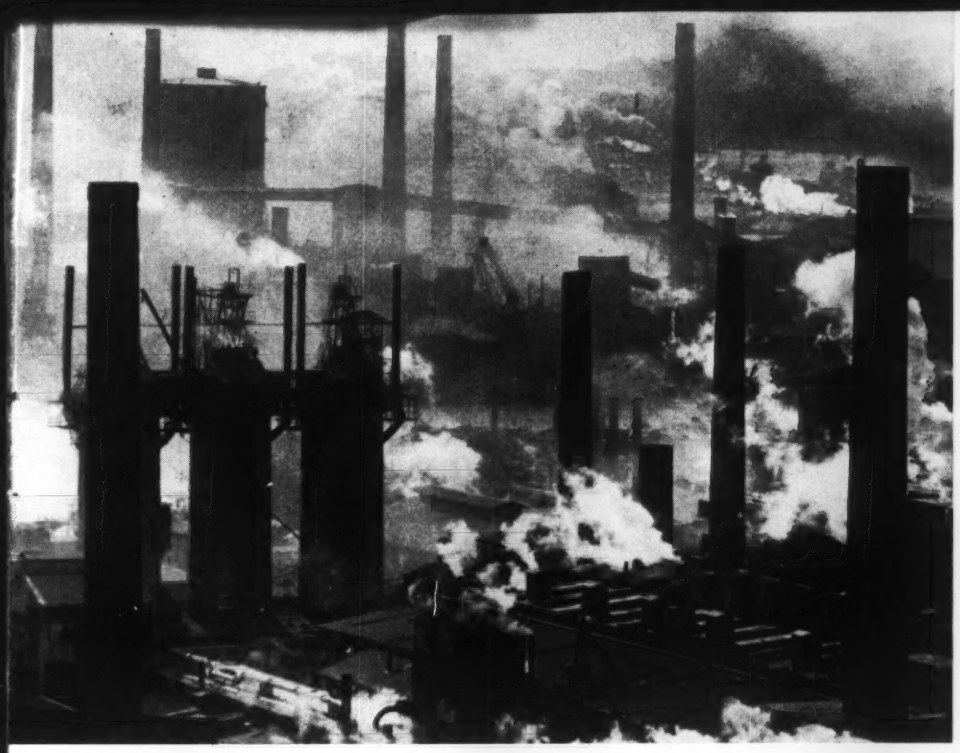
Attitudes toward trade shows expressed by DUN'S REVIEW *survey participants indicate a growing distaste for this type of promotional activity. Specifically:*

- Close to 42 per cent of the companies surveyed are openly unhappy with trade shows generally. Some term them necessary evils and say they participate only because the competition does.
- Fully a fifth of the respondents plan to reduce trade show participation, weeding out the less productive events.
- A good third of consumer goods manufacturers surveyed plan trade show cutbacks.

Companies which measure a show by the number of orders written seem the most dissatisfied. But many companies find trade shows a useful springboard for new product lines or promotions.

The effectiveness of trade show participation depends largely on the individual exhibit, judging from a study of a typical industrial show by the Industrial Advertising Research Institute. This analysis indicated that successful exhibits have these things in common:

- They are built around a unified theme.
- They make heavy use of demonstrations, including models and graphic presentations.
- They are keyed to the needs of potential customers.
- They contain a minimum of distracting, extraneous elements.
- They concentrate on getting across believable ideas.



FIRES OF INDUSTRY *burn brightly as Asia prepares for an explosion of progress.*

Industry Eyes the New Asia

EVERY experienced investor or business man knows that the most lucrative place to invest is often the one that has just opened up as a reasonably safe possibility and hasn't yet been combed over by others.

In the field of foreign trade and foreign investment, several nations of Asia fit that description today. None of them can yet be considered a blue-chip area. None offers maximum safeguards for U.S. money, as do Western Europe or Canada. But their lively profit potential has already enticed a fair amount of risk capital from this country—and more is preparing to follow.

Several nations of the Far East have shown real improvement in market conditions in the space of just a few years. They have eased monetary restrictions, and every day they become more aware that foreign capital is essential to their progress. They appear to be at the jumping-off point for a major rise in economic status. But the change is still not generally recognized by most American companies. This may, then, be the ideal moment to take a serious look at business opportunities across the Pacific.

First, consider briefly what each of Asia's best business prospects has to offer, looking at its attractiveness not only as a possible location for manufacturing facilities but also as a country with which to open export or import relations.

Japan is unquestionably the No. 1 industrial nation of the Far East, though not necessarily the prime investment area for all Americans.

Within the next few years, more Japanese-made products will appear in big quantities in our stores: typewriters, television sets, washing machines, radios, and other household appliances, as well as small cars and motor boats. Some of these will present profit possibilities for U.S. importers and merchandisers, while posing a competitive problem for our manufacturers (see DUN'S REVIEW, August 1959, page 33).

Because Japan's labor rates for skilled or semi-skilled workers are the world's lowest, her industries will be able to beat most other countries in cost competition for years to come. Today, for example, Japanese steelworkers are paid 86 per cent less, on the average, than our own.

Despite Japan's outstanding development, it is not a country most American companies can consider entering as they might the European or South American markets. For one

» *New, potentially profitable investment markets in several Asian countries are luring risk capital from the United States.*

» *Advice to corporate investors: Look before you leap, but don't underestimate enormous opportunities in awakening nations.*

ASIAN INDUSTRY: *Pipe factory reflects India's new stress on heavy industry.*

thing, the rise of cartels and renascence of the Zaibatsu—loose federations of leading industries—is a tremendous obstacle to a U.S. company.

Techniques rather than cash

Another drawback is the simple fact that Japan appears to have little desire for direct capital investment by foreigners. It wants and accepts technical help, but the government doesn't encourage outsiders to acquire heavy equity interests in Japanese industry.

As a result, much of the foreign "investment" in Japan is in the form of technical assistance agreements and licensing arrangements. There are now some 850 such agreements in existence, about 65 per cent of them being with U.S. concerns.

Another practical way several U.S. companies have found to participate in Japan's commercial growth is through joint ventures with Japanese concerns. This kind of arrangement works best for companies whose products would stand a better chance of gaining a worldwide market by being produced at a lower cost.

Even if Japan is not a place to set up a complete operation, it may offer a company potential cost savings on some of its components—or on its entire product.

For example, one leading U.S. book publisher has found that it pays to ship manuscripts all the way to Japan for typesetting. Galley proofs are mailed back to the United States, corrected, and returned to Japan. Then, finished pages set in lead type are sent here for printing. If it weren't for the possible loss of U.S. copyright privileges, even the final printing and binding would be done in Japan.

And a note to private investors: Several alert Americans are getting in on Japan's continuing industrial boom by buying stock in Japanese utilities. As in any other form of equity buying, it's necessary to be selective. But help is available from brokers who specialize in foreign securities, and there are shares that combine a better-than-average yield with a superior growth potential.

India courts investment

India, although less advanced than Japan, is an even more enticing investment prospect for many U.S. industries. This is a country that *wants* investment capital and is doing everything possible to attract it.

Here are the steps the Indian government has taken in recent months to give concrete evidence of this:

- It has speeded up screening and approval of foreign investment proposals.
- It is becoming much more lenient about consenting to terms agreed on between local business men and foreign investors.
- It is trying to conclude negotiations on a long-discussed agreement with the United States to assure America's business men that their profits will not be subject to double taxation from the two governments.

India had attracted $150 million worth of U.S. private investment up to late 1958. Now, with these new signs of welcome, the flow is gathering speed. So far, most of the U.S. concerns moving in have been in petroleum exploration and refining, tire manufacturing, abrasives, chemicals, pharmaceuticals, and elevator and escalator manufacturing.

The average rate of return on investment by U.S. companies, according to a study by the Reserve Bank of India, is about 13 per cent (after Indian income taxes), compared with a 10–12 per cent rate for large corporations in the United States.

American experts visiting India have noted tremendous opportunities still untapped in the metalworking industry and in tool-and-die making. Foreign help is also needed to develop facilities for manufacturing a wide range of consumer goods, with food-canning and food-freezing plants leading the list.

To get the Indian government's approval, a new project must meet four tests. It must involve manufacturing, increase productivity in an important field, earn or at least save foreign exchange, and impart new technical skills and create employment.

For those companies that don't want to start branch or subsidiary operations so far from home, licensing agreements are available in India, too. U.S. concerns have such arrangements with Indian companies engaged in textile finishing and the manufacture of food processing machinery and auto and jeep parts.

To sum up, India, with one-seventh of the world's population, is a nation whose sheer size and basic richness almost insure future economic greatness if she follows a sound policy.

Malaya: a "blue chip"

Malaya, a small and very new country, is, surprisingly, rated as one of the prime investment possibilities by the few experts who know it well.

Malaya is rich in natural resources, but her greatest asset lies in a small group of capable men—a body of high-quality civil servants, most of them educated in Europe or in British-run universities. This gives the country a level of administration far beyond its age and size.

Malaya is building wisely, trying to start basic, simple industries first, rather than trying to make a big splash right from the start as many developing countries do. The nation is protecting its new industries with an anti-dumping law that will keep cheap imports from harming local manufacturing. A law was passed last year granting five-year tax relief to

certain "pioneer industries." And a guaranty on invested capital is available from our own International Cooperation Administration.

Experts believe Malaya will be the world's leading producer of natural rubber in a few years and will more than hold its own against synthetic rubber.

New business in Malaya

Several British companies have already set up new operations in Malaya, while India, Czechoslovakia, Australia, and Pakistan have had trade missions there recently.

Now American interest is stirring. Lever Brothers is planning to expand its production of soaps and other household goods in Malaya. And the Bank of America has just followed the lead of First National City Bank of New York by opening a branch in the capital city of Kuala Lumpur—a city which seems destined to be one of Southeast Asia's leading centers.

The Republic of the Philippines is a nation that should be offering great investment possibilities. Currently, however, a wave of anti-American feeling is flashing a caution light.

The country is bitterly resentful of U.S. policies, particularly our sugar import quotas, which it feels are responsible for its shortage of foreign exchange. Actually, its economic plight has many causes—most of them beyond our control—and the greatest need is for the Philippine government to impose austerity measures, however unpopular they might be. The International Monetary Fund is now offering advice toward that end, and there is hope that stabilization will eventually come about. But it's bound to be a long-term task.

The real question for U.S. business men is whether the Philippines will succeed in industrializing enough to raise per capita purchasing power. The government is trying hard to move in that direction, but it's not getting enough capital to go very fast. So far, there are two refineries, a steel fabricating plant, and factories producing textiles, paints, auto and truck parts, tires and rubber products.

It would be unwise, however, to pass up a country like the Philippines without careful study. Its history of trade with the United States is itself an impressive asset. And the strategic location of the islands could make them the hub of Southeast Asia. But the prospecting job will be a good deal tougher than it was in earlier times.

For the company in a light manufacturing industry, Hong Kong may offer a special advantage. There is plenty of good, smart labor available, and, of course, an unexcelled transport situation.

Hong Kong's textile manufacturers have done such an outstanding job of getting their goods into world markets that many countries are considering trade restrictions against fabrics from the island. Faced with rising tariff restrictions, Hong Kong textile manufacturers are looking hard for ways to diversify and are highly receptive to offers to manufacture U.S. products under franchise or any other arrangement that insures them a market for a new line of products. Among the things they are now equipped to produce are rubber-soled shoes, firecrackers, small boats, handbags, flashlights and batteries, lacquerware, and food specialties.

Opportunities elsewhere

Other areas, like South Vietnam, Thailand, and Taiwan, also hold some interest for the U.S. company. In each of these, U.S. foreign aid grants or loans make a good bit of money available though the soundness and continuity of the projects are debatable.

The fact that these nations are so dependent on U.S. aid funds indicates that they are to be regarded mainly as possible export markets, rather than as places to invest in permanent installations. The same is true of:

- Ceylon, which is an uncertain quantity because of political and labor unrest
- Korea, whose policies and fate whenever Syngman Rhee steps down are shadowy
- Indonesia, which is squandering its opportunity to move forward in a welter of emotion and maladministration.

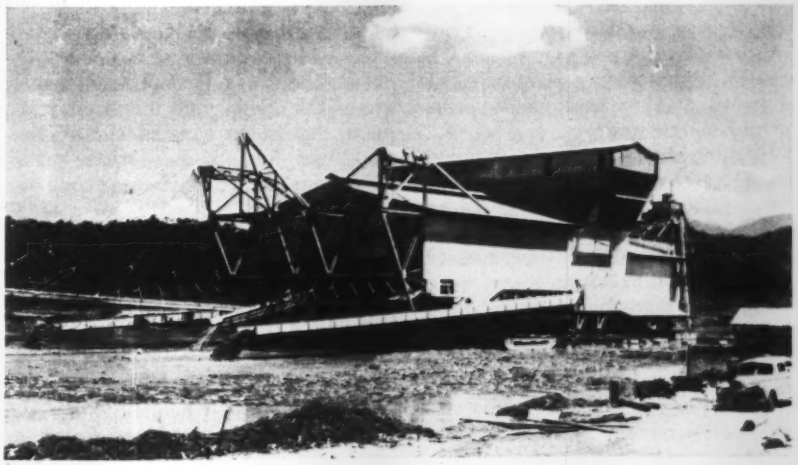
Getting background data

A great deal of data about the Asian country which interests you can be had by writing to its embassy in Washington, D.C., addressing your letter to the Commercial Attache. You may also write to the U.S. Chamber of Commerce, Washington 6, D.C., for a list of Asian nations which have an "American Chamber of Commerce." They offer a special kind of help because they provide an American point of view—but from the vantage point of an Asian capital.

Once you have done as much preliminary spadework as you can accomplish from a distance, it's time for a personal look. Only then will you have enough background to weigh the various factors that should be included in any major investment decision.

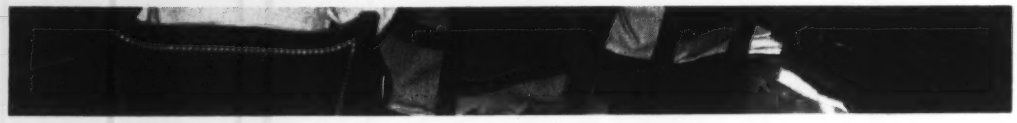
Whether or not these exotic areas offer any possibilities for your business depends on whether you have a service or product that can contribute to the explosion of progress these lands are trying to achieve. It also depends on whether you have some capital and energies that are available for a bit of long-term investment. If you can offer the people of Asia something that will bring them closer to our kind of living standards, there's a chance your contribution will be handsomely rewarded.

—CHARLES A. CERAMI



MODERN TOOLS IN AN ANCIENT LAND: *In Malaya, which produces one third of the world's tin annually, this huge dredge helps boost the output of a centuries-old industry.*

Can You Use Commercial Arbitration?



PATENT DISPUTE: *The technicalities of air-cooling apparatus for an x-ray machine are demonstrated for arbitrators of a patent dispute.*

- *More and more companies are taking their business disputes to arbitration for quick, economical settlement.*
- *Private hearings before expert arbitrators protect company secrets and assure fair decisions in highly technical cases.*

A MANUFACTURER of welded pipe, struggling to hold down prices in a competitive market, told his general superintendent: "If you can cut manufacturing costs, we'll show our appreciation with a nice bonus."

To economize, the superintendent eliminated lap-welded joints in favor of butt-welding. A few months later, a piece of butt-welded pipe purchased by an oil refinery burst under pressure and caused a fire.

Threatened with a lawsuit, the pipe manufacturer would have preferred to arbitrate, but he had to settle out of court on the refinery's terms. He could not risk the bad publicity which would surely have resulted from litigation.

The pipe manufacturer then fired his general superintendent for having gotten the company into the mess in the first place.

"Now *I'm* going to sue," protested the superintendent. "My contract still has two years to run."

Again worried about publicity, the manufacturer persuaded his ex-superintendent to arbitrate. The ex-superintendent agreed, for he wanted cash in a hurry, and the courts in his area were not famous for speed. Also, he, too, preferred to avoid publicity.

Within a month, the dispute was decided in proceedings discreetly handled through the facilities of the American Arbitration Association. Because top management had known what was going on, the arbitrator ruled, the superintendent's contract could not lawfully be broken. The pipe manufacturer lost again, but he at least had the advantage of ending the controversy without having to admit in open court that some of his products were defective.

Keeping it quiet

The official emblem of the AAA sums up the advantages of arbitration in three words: "Economy, speed, justice." But hundreds of business men prefer arbitration primarily because it assures them *privacy*. They hope to resolve their disputes without washing their dirty linen in court. Arbitrators cooperate toward this end. Hearings normally are closed, and decisions are not made public. Unlike labor cases, awards in commercial disputes do not contain findings of fact and elaborate rationale. Typically, an award in a commercial case consists of a single sentence denying a claim or stating how much one party must pay the other.

There has been a steady and rapid growth of commercial arbitration. The AAA handled 20 per cent more commercial disputes in 1957 than in 1956, and last year the number increased another 10 per cent. Besides the AAA, about 60 trade associations provide facilities for arbitration, and nearly every commodity exchange provides in its rules that disputes arising out of its operations shall be settled by arbitration. The New York Stock Exchange has an official arbitrator to handle disputes on the floor.

Although there are many cases in which one party to an arbitration agreement goes to court to enforce or to upset an award, arbitration usually ends the dispute. Even where the parties litigate some phases of the matter, the court action normally is speedier than in other cases, because the court usually is concerned only with the arbitrability of the issue or other technical questions.

Speed is important in resolving

business disputes, and court dockets are badly congested. Nearly 40 per cent of all civil cases in the Federal courts are subject to delay of from one to four years between the dates of issue and trial. Some of the state courts report trial delays up to five and six years. In a typical arbitration case, however, an award is rendered between two and four months after the filing of a demand for arbitration, and in a commodity exchange it is not uncommon for arbitration to be completed within a day.

A stitch in time

A manufacturer of women's garments has had an arbitration clause in contracts for twenty years. He only needed to use it once, but that single occasion justified his faith. In preparation for the spring season, he placed early orders with a textile mill, taking advantage of low prices. As the season wore on, deliveries were late. The mill blamed strikes, but the garment manufacturer suspected that the real reason was that the market for fabrics was going up, and the mill was giving preference to others who had placed later orders at higher prices. He invoked his arbitration clause and got an award in time for execution during the same season, which fulfilled his purchase contract to the maximum extent of the mill's capacity.

Arbitration provides economy as well as speed and privacy. Nobody can compute the real savings with any precision, but sometimes the economy is demonstrated dramatically. Several New York fur manufacturers learned the hard way. For several years, their agent worked on a deal for the import of a large quantity of skins from Greece, making several European trips and investing most of his time on the project. After finally bringing the buyers and sellers together, he computed his fees at about $2 million. The buyers for whom he had arranged the deal did not think his efforts were worth that much. The agent sued, and for six tedious weeks a jury listened to evidence and arguments. But the jury disagreed on the verdict.

Low-cost settlement

Faced with the prospect of repeating the whole proceedings at a considerable expense and possibly with the same inconclusive result, the parties entered into an agreement to arbitrate. They got a lawyer, an accountant, and a retired fur broker who was thoroughly familiar with the customs of the trade. In five days, at a cost of about $500, an award was handed down in favor of the agent in the amount of $100,000. Since then, the fur manufacturers leave nothing to chance. Their contracts with agents all contain clauses providing *in advance* for arbitration of any disputes that may arise.

Economy in arbitration comes mainly from lower legal fees. Most business men retain lawyers to represent them in arbitration proceedings just as they use lawyers to handle their litigation, but a lawyer spends less time on a typical arbitration job than he would spend in preparing and trying a case in court. His client, therefore, gets a smaller bill.

Costs for a hearing room, clerical help, and other administration facilities also are relatively small. The AAA charges according to a sliding scale. In a case where the amount claimed is $5,000, the fee is $75 for each party. Where the amount claimed is more than $200,000, the fee is $925, plus a tenth of 1 per cent of the excess over $200,000. An arbitrator in his award will either direct one party to pay the fees of both or will apportion them.

Unlike the practice in labor disputes, where arbitrators often charge a $100 to $200 a day, commercial arbitrators usually do not charge for their services. "The reasons are largely historical," explains Paul M. Herzog, executive vice president of the AAA. "When the Association started in the 1920's, it was engaged only in commercial arbitration, and men active in various technical professions were glad to sit as a public service. Since we have about 13,000 commercial arbitrators all over the country, no one man is asked to serve very often."

Retired business men are often selected as commercial arbitrators, not only because they have the time to spare but also because they satisfy the two essential conditions which disputing business men seek: impartiality and expert knowledge of the subject involved in the dispute.

Why they arbitrate

Some men who are still active in their careers take arbitration jobs because they feel it is their duty. Dr. Jacob Feld, an engineer who is often called to handle disputes in the construction industry, says: "I do it for the same reason that I lecture at schools and engineering societies. It's the same as a doctor working in a clinic without fee. That's all part of a professional man's obligations."

Seldom is a large building constructed in the United States nowadays without arbitration provisions in the "conditions and specifications" written by builders, contractors, and architects. Business partnership agreements often include arbitration clauses. They work in two ways. When the partners disagree, the arbitrator referees their dispute and saves the business for them. When one partner dies, an arbitrator fixes the price to be paid his heirs for his share of the business.

Speeding claim service

Arbitration is growing in the insurance business. Companies not only arbitrate disputes with claimants, but also disputes among themselves about overlapping coverages and the degree of participation of two or more companies in a claim. An advantage in arbitrating these "subrogated claims" is that the policyholder usually can be paid immediately.

Frequently, it is not until the disputing business men have prepared to tell their stories at a hearing that they are in a mood to discuss settlement, and disputes often are settled in the arbitration process before the arbitrator makes an award.

Such a happy ending occurred in one of the largest cases on record. Merritt-Chapman & Scott Corp. of New York had a contract to build a paper mill in the South for National Container Corp., Brecksville, Ohio.

A Model Arbitration Clause

This language in business contracts has averted thousands of lawsuits:

"Any controversy or claim arising out of, or relating to, this contract, or any breach thereof, shall be settled in accordance with the rules of the American Arbitration Association, and judgment upon the award may be entered in any court having jurisdiction thereof."

The job was not finished by the date agreed upon, and National Container was caught with key personnel standing idle, operation plans suspended, and outstanding commitments which could not be filled. The dispute reportedly involved $13 million. A clause in their contract sent the issues to arbitration. While the hearings were under way, the parties reached a settlement in an atmosphere of fair dealing.

Arbitration is proving its worth in hundreds of disputes every year between American business men, but it is in international trade that arbitration is becoming most useful. The international trader faces a greater risk of becoming involved in controversy because distances are greater, a language barrier often increases the chance of misunderstanding, and business practices vary widely from nation to nation.

Pitfalls in plenty

In addition to disputes over failure to ship or deliver, quality of merchandise, late shipments or deliveries, and refusal to accept delivery, American business men operating abroad also become involved in disputes over foreign exchange regulations, marine insurance, differing interpretations of foreign trade terms, and other technicalities of international transactions.

If such disputes go to courts abroad, there is always the chance—some business men say probability—that foreign courts will favor their own nationals. Also, there is no single code of international commercial law. Not even the best international lawyers feel safe in giving advice on the probable outcome of a given bit of litigation involving business men from different countries.

There are many tribunals which arbitrate disputes among international traders. Although there is voluntary compliance with about 85 per cent of awards, the big problem in international commercial arbitration is to insure that agreements to arbitrate will be fully respected by the courts of the countries in which the parties are located.

Despite legal difficulties in enforcing some awards, many business men in international commerce are finding arbitration a more satisfactory method for resolving disputes than litigation. An importer in the Orient collected $2,400, the cost of re-enameling 48 electric refrigerators that had acquired rust spots in transit from the United States. A seamstress in Ecuador received a new sewing machine from the American concern which had taken over the accounts of a predecessor company, and which, she charged, had collected her money but failed to fill her order. Farmers in a group of Northwestern states collected from a Canadian chemical plant for damages caused by fumes from defective chemicals. An arbitrator had to decide whether bubble gum imported from South America was of "fair average quality."

International commercial arbitration is concerned mainly with disputes arising under sales contracts, but in the United States less than a third of commercial arbitration cases are of that type. Construction jobs account for about a fifth of the cases handled by the AAA.

Other types of claims

The rest of the cases involved a variety of other disputes. Storage warehouse companies include a clause in their standard contract to provide arbitration of damage claims. A Midwest toy manufacturer and his jobber arbitrated their differences over how certain items were to be advertised and sold. American Cyanamid Company, New York, once collected $1.8 million from the Sharp & Dohme division of Merck & Company, Inc., when arbitrators ruled that a specific formula for sulfa drugs upon which the Philadelphia pharmaceutical company had obtained a patent was covered by an agreement under which American Cyanamid had licensed Sharpe & Dohme to manufacture one of the drugs.

The Mesabi Iron Company of New York and the Reserve Mining Company, Silver Bay, Minn., arbitrated a controversy over a profit-sharing arrangement in exploitation of some taconite iron ore-bearing lands in Minnesota. The Isbrandtsen Company of New York and Gillies Coffee Company, also of New York, arbitrated claims and counter-claims totalling $118,000 when Isbrandtsen allegedly backed out of a deal in which Gillies expanded its facilities in order to supply an Isbrandtsen coffee roasting venture.

The kinds of disputes which go to arbitration are almost infinite. The process provides economy, speed, fair decisions, and privacy. Also, observes Vice President Herzog of the AAA, "Arbitration gets men in the habit of trusting one another to do justice without relying upon the power of the state to impose its authority."

—FRANK M. KLEILER

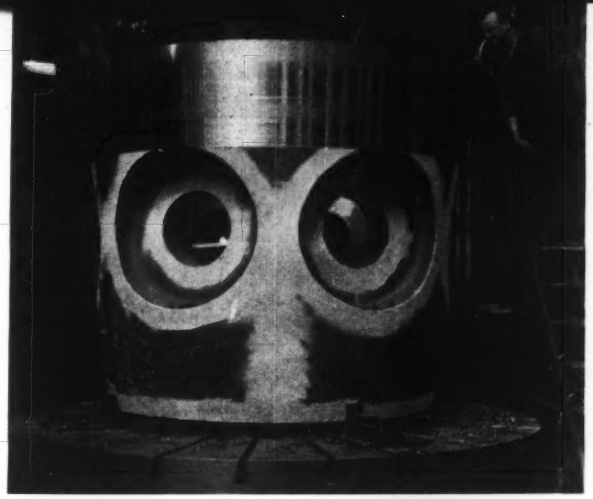
How Arbitration Can Pay Off for You

A "future dispute arbitration clause" in a contract can save you time, expense, and damaging publicity when:

- **Your supplier sends you inferior goods or misses his delivery deadlines.**
- **Your customer refuses to accept a shipment he has ordered.**
- **A company licensed to manufacture a product on which you hold patents refuses to pay royalties.**
- **Your construction contractor deviates from the plans or fails to complete the job on schedule.**
- **Goods which you have received or shipped arrive in damaged condition.**
- **Your executives with individual employment agreements fail on their jobs.**
- **You or your tenants break the terms of a lease.**
- **An insurance company balks in handling your claims.**
- **You or your business partners decide to end a partnership or one of the partners dies.**

Bigness Still Pays Off

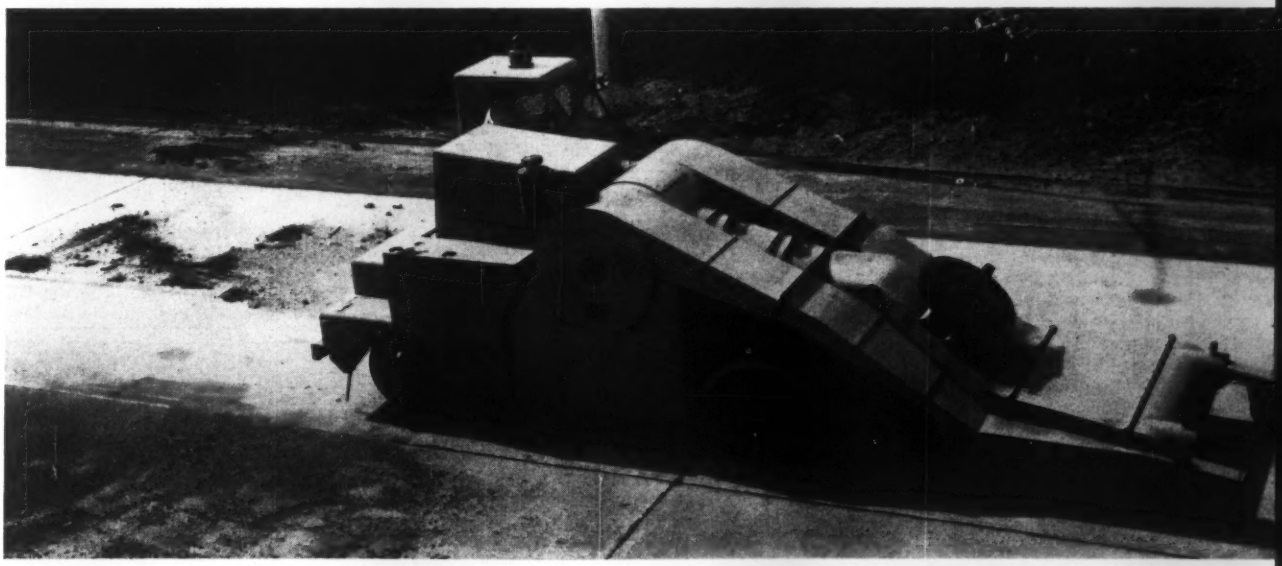
THE reaction against the big car and the growing importance of miniaturization (DUN'S REVIEW, January 1959, page 44) have not stopped the historical tendency to build bigger and bigger industrial machines. Each increase in size means higher efficiency or lower operating costs per unit of capacity. And as long as technical skill can provide the means of controlling these monsters they'll never go the way of the Brontosaurus. —M.M.



BETTER TO SEE WITH: *Through the "eyes" on this casting, the operator can tell how much to cut away. It's part of a giant Allis-Chalmers hydraulic turbine for the St. Lawrence Dam.*

MAMMOTH EARTH MOVER: *This Kolbe wheel extractor, as heavy as a Navy destroyer, is removing 3,500 cubic yards of overburden an hour at a United Electric Coal Company mine.*

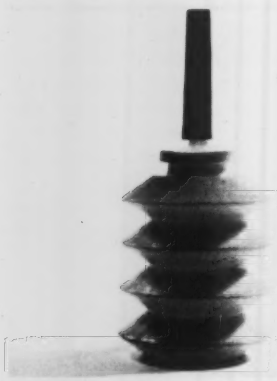
PORTABLE GIANT: *This huge Ingersoll milling machine is lifted from one locomotive underframe to another at the Electro-Motive Division of the General Motors Corp. at LaGrange, Ill.*



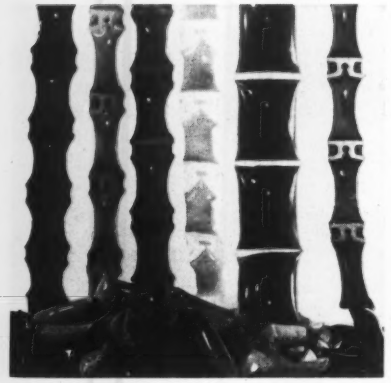
SWEEPING REALLY CLEAN: *Debris sucked into jet engines causes millions of dollars in damage annually. This hazard is removed by the world's largest vacuum cleaner, which sweeps rocks and loose metal from airport runways. Built by Consolidated Diesel Electric Corp., Stamford, Conn., on a Ford truck chassis, it can sweep up 1 million square feet of runway in an hour.*

Prize Packages from All Over the World

Packages designed for utility are getting recognition as a modern art form at the first packaging show ever held at a major art museum. Here are just a few of the many hundreds of packages selected for looks as well as practicality by Mildred Constantine of the Museum of Modern Art, New York. The show is sponsored by Container Corporation of America, National Distillers and Chemical Corp., and Reynolds Metal Company.

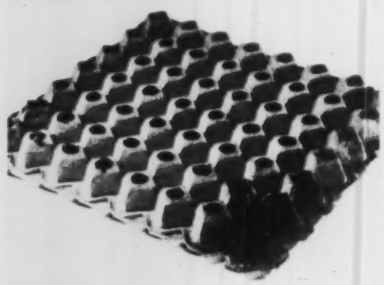


SQUEEZE PLAY: *Only a few inches high, this accordion-shaped atomizer is one of the most striking new designs in plastic squeeze bottles. It is used by Eaton Laboratories, Norwich, N.Y., as a drug dispenser.*

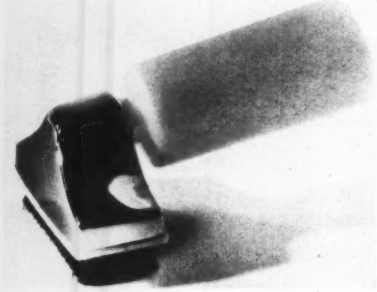


MULTI-PACKING *in plastic pillows is popular in Europe. Products ranging from salad dressing to furniture polish come in these easily detached "Neli-Paks," a Dutch development now available here.*

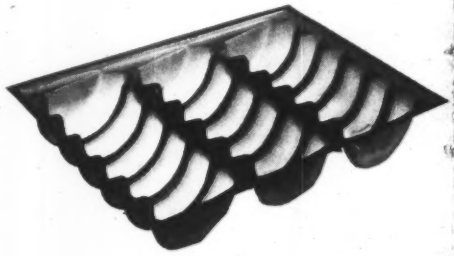
FREQUENT REDESIGN *for the sake of redesign is folly, as proved by this successful perfume box, created 34 years ago by Mme. Chanel herself (most company presidents don't do so well as package designers).*



OUTDOOR LIVING, *which is having a distinct effect on packaging, has resulted in multi-packing chunks of charcoal in egg cartons. Barbecuers can break off as many rows of Charcoal Brix as needed.*



DOUBLE DUTY: *The plastic bottle that contains Bissell upholstery cleaner screws into the metal applicator. This outstanding example of convenience packaging was designed by Harley Earl Associates, Detroit.*

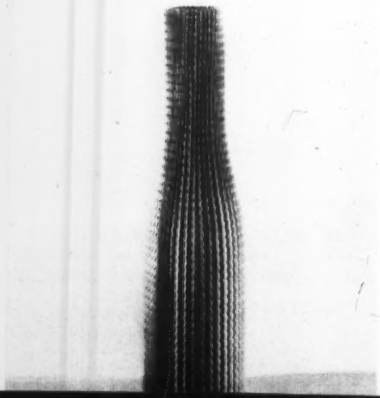


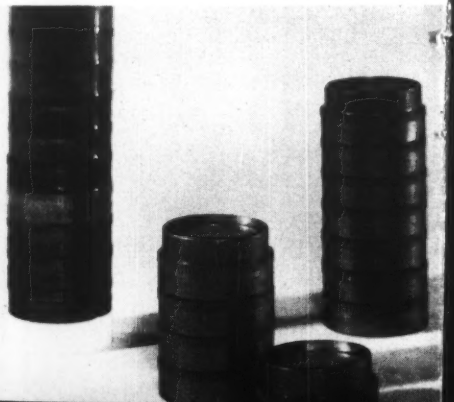
NO-JAR COOKIE PACK: *Vacuum forming of plastics is one of the versatile and cost-cutting new techniques in packaging. Super-thin plastic sheets are formed by Panta Pak into cooky, chocolate, or egg trays.*

FULL SIZE: *One of the five cigars in this attractive container is displayed full size instead of partially through the conventional little window. When it is removed, the package is a compact four-cigars-wide.*

SIMPLE SOLUTION: *Designed to give wine and liquor bottles protection during shipment, these cardboard sleeves are also attractive enough for display in shop or home. They are made by Spicers, Ltd., London.*

COLORFUL CONTAINERS: *These neatly nested plastic pancakes contain Ankers watercolor paint. All they need is an overwrap of plastic film, as shown at the left, to make a complete, eye-catching package.*





Industry will spend an estimated $16.5 billion this year on packaging. To help you get the most out of your packaging investment, DUN'S REVIEW surveyed the 1,000 largest U.S. manufacturers, interviewed the top package designers and engineers, and visited the leading packaging laboratories. The results are presented in a two-part report. Part I, Consumer Packaging, appears on these pages. Part II, Industrial Packaging, will follow next month.

New Ways of Packaging for Profit

I. CONSUMER PACKAGING

SELF-SERVICE is king today, dominating retail merchandising across the board. Therefore, to catch the customer's eye and loosen his (or her) purse strings, industry is spending more billions of dollars for packaging than for any other product merchandising tool.

A new DUN'S REVIEW survey of leading manufacturers, package producers, and designers reveals that industry's outlay for packaging has grown with the decline in numbers and efficiency of the retail sales force and the rise in supermarkets, vending machines, expanded 5 & 10's, discount houses, and self-service areas in department and drug stores. Annual expenditures for packaging have increased from $7.3 billion in 1947 to $16.5 in 1959.

The growing role of packaging in merchandising doesn't mean, of course, that advertising and sales promotion are taking a back seat to packaging and point-of-sale displays. Rather, the trend is to coordinate packaging with advertising and promotion so that the billions industry funnels into the various media pay off when it counts—at the moment when the customer decides to buy or not. (See "Sales Promotion Hits High Gear," page 56.)

Coordination of all the forces that induce sales has led to two other new trends in packaging: the growing use of the package to promote corporate identity and the increase in look-alike "family" designs in packages. The reasons are obvious. If the customer can quickly recognize the company behind the package, all pleasant past impressions gained through use of the company's other products and through seeing other company ads will be recalled to reinforce the buying impulse. However, one astute designer warns that too much preoccupation with the corporate image and the "family look" can ruin a good package and make it

The Big Trends

- Self-service merchandising means more packaging and packages that sell themselves.
- Fierce competition at point-of-sale sparks trend to "post-purchase" features in packages to make customer come back for more.
- Packaging costs generally are on the rise, but many companies are holding even or cutting costs.
- Market testing of packages is a must for many companies that depend on the package to sell the product.
- More attention to designing packaging helps solve distributors' and retailers' display and storage problems.
- Rising transportation costs are forcing industry to adopt lighter-weight packaging.
- Less frequent shopping means larger packages, while convenience living calls for small, one-use packages. Result: more multi-packs.
- Integration of package designs with ad campaigns and corporate identity programs is gaining pace.

difficult for the customer to recognize the product.

To sell itself, the package must first be able to catch the customer's roving eye. There are many ways to attract customers, but one of the easiest is to make the product visible. Blister and vacuum packing, plastic windows, plastic boxes, substitution of clear glass for dark are some of the popular methods applied, according to the DUN'S REVIEW survey.

However, it is dangerous for a manufacturer to make visibility the sole requirement without carefully evaluating the needs of his product. Many unattractive or strictly functional products need not be seen before purchase. For example, U.S. Rubber first planned to package "Air Guard," a new product that prevents leaks in tubeless tires, in a small folding carton containing five plastic envelopes of the black, sticky preparation. But Alan Berni, New York package designer, recommended that the five envelopes be sealed in a fiber-board can with a zip opener. Sales have proved the less expensive sealed package does the job.

Unfortunately, many companies are trying so hard to make their products stand out at the point of sale that they defeat themselves in the long run. In putting too much emphasis on point-of-sale, some companies overlook costs and the needs of the retailer and consumer.

Many products actually are "over-packaged," according to the manager of packaging research for a large Midwestern packaging producer. An unrealistic, overly costly package can make the contents look shabby by comparison and cut down on repeat sales.

Many retail outlets are complaining bitterly against one of the obvious ways to gain display space—increasing the "face" of the package by using a taller, thinner box. Retailers claim these narrow packages topple easily and keep expensive store help (in some cities stock boys are paid $2 an hour) busy restocking. As a result, store managers are stocking unstable packages sideways—or they are simply not reordering.

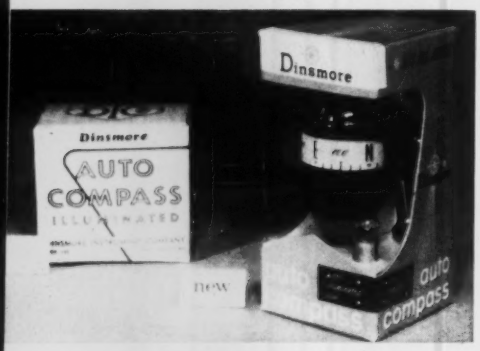
There are some 385,000 active brand names on dealers' shelves today. No wonder, then, that many companies are now operating in the zone of diminishing returns in point-

Before-and-After Success Stories in Packaging

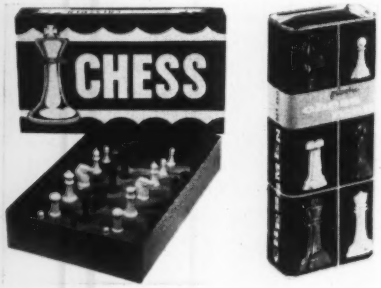
Sales are one sure way to judge the effectiveness of packaging. These four case histories illustrate the stimulating effect a good package can have on company profits.

HOT SALES RECORD: *When Fruit Freeze was originally introduced in 1955 by Merck & Company, Inc., it was packed in the jar at the left. The product, an anti-darkening agent for fruits in opened cans, itself had to be protected by dark glass. In addition, the product tends to settle and full jars appeared short-weighted. In 1957, Peter Schladermundt Associates redesigned the package (right) to give it a "food" rather than a "drug" look. The metal container is not only about 5 per cent less expensive than the glass jar but it can be filled quicker —which results in added labor and production savings. And the lighter weight saves shipping costs.*

As a bonus, the shipping carton has also been simplified by eliminating the now unnecessary cushioning separator between units. The redesign stimulated a new and highly successful distribution program. Retailers and distributors, as well as housewives, have taken to the new package, and sales have risen substantially.



IMPULSE SALES PULSATE: *Strictly an impulse sales item, the Dinsmore auto compass often was displayed outside its package. This frequently resulted in a damaged, dusty, or finger-marked product, discouraging to sales. Alan Berni Associates, New York, repackaged the compass so that the customer could see it from all angles through a cellophane window. It is safely suspended by a metal stitch on a cardboard structure. Sales of the product, made by Dinsmore Instrument Company, Flint, Mich., have increased phenomenally.*



NEW LOOK: *How can a company stimulate sales of a product that has not been improved for a millennium? The answer sometimes is a new package. Seeking a new way to package its chess sets, Halsam Products Company of Chicago went to a packaging supplier for ideas. To replace the conventional set-up box at the left, Sefton Fibre Can Company, St. Louis, designed and manufactured the upright rectangular fibre can at the right. In contrast to the old package, in which each chess piece had to be set by hand, the new container can be filled automatically by dumping. Brightly decorated with pictures of the chess pieces, it is enjoying record sales.*

DETERGENT FORCE: *A market study revealed a preference among women for a pinch-waist, plastic container for liquid detergents. Armour and Company commissioned Dickens, Inc., Chicago to replace its metal can, left. In a one-month test of the new Chiffon container, right, sales increased 144 per cent. The Marlex container is supplied by Continental Can Company and Owens-Illinois Glass Company.*

Management Checklist on Redesign

When to Redesign a Package

Although a package should never be changed just for the sake of a change (especially if the product is selling well), it may be wise to redesign a package:

To gain new markets.

When important new features or ingredients are added to the product.

To integrate the package with a family of product packages.

To coincide with an advertising campaign.

When a competitor's package too closely resembles yours.

When market research reveals your package is a weak link in an otherwise successful marketing program.

The Goals of Redesign

A good package—the ultimate goal of your redesign efforts—should:

Have strong consumer appeal.

Have corporate identity and product identity.

Afford maximum benefit at minimum cost.

Protect the contents from breakage and spoilage.

Fit economically into the manufacturer's loading operation.

Be easily opened, closed, and disposed of after use.

Be easily handled, priced, stored, and displayed by the retailer.

Have the correct size-profit ratio to make it easy to merchandise.

Tests of a Brand-Name Package

Whether you do the job yourself or assign it to a package designer or producer, these factors should be considered in designing a new package:

Have you determined what's good as well as what's bad about your present package? (This usually means market research.)

Can you tell from the package what the product is?

Does the "in-hand" feel of the package reflect quality?

Can the package serve another use when it is emptied?

Is the proper typography being used?

Does the brand name stand out clearly from the other design elements on the package?

Does the trademark look important and instill confidence?

Has the position of the price tag been considered from the first? If an overlay, slug, or special price tag is added to the package at the last minute, it can ruin the design and selling impact of a label or container.

Does the front of the package have an uncluttered appearance? Only the brand name or company signature, the trademark, a brief description of the product, and a photograph or vignette should appear on the front panel.

Is the descriptive copy well laid out, easy to read and not in conflict with the brand name?

How about the choice of color? Too many colors can be confusing.

This checklist was prepared with the assistance of Peter Schladermundt Associates.

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of-sale appeal. Having tried saturation ad campaigns, premiums, elaborate displays, high-priced package design talent, and more costly packaging materials, there is little more they can do to attract the customer to their product.

The alternative many alert companies are trying is to design packages with "post-purchase" features. These devices to induce the customer to keep coming back for more are particularly important for products that have no important quality differences to distinguish them. After all, how many people can really make out the claimed difference between brands in the case of such products as aspirin?

One important post-purchase feature is ease of handling. The packages should be easy to carry and easy to open. The zip-off top, so familiar on cigarette packages, is now being applied to large corrugated cartons. In another effort to increase convenience, a manufacturer of electrical goods is now designing a package that enables the potential customer to test the product without removing it from the package.

The DUN'S REVIEW survey confirms what other surveys, such as those made by A. C. Nielsen Company, Chicago, have shown: the trend is to larger and smaller packages and fewer "middle-size" packages. Larger families and fewer trips to the supermarket account for the larger packages. And the multipacking of individual "one-use" packages meets the needs of today's servantless homes.

If the product is to remain in the home for any length of time, it should be attractive, yet unobtrusive. Crown Zellerbach Corp., for example, is accomplishing this by using an unusual package designed by Frank Gianninoto for its tissue paper. A film over-wrap carries the hard-sell copy. Once in the home, the overwrap is removed, leaving a simple box that blends in with home furnishings.

Now that products are no longer packed in excelsior, disposing of packaging is not a major headache. Still, some large packages are a nuisance to get rid of. Many companies are now getting around this by designing second functions into packages. For example, the foil-insulated multipack made for Haffenreffer Beer by Stone Container, Inc., Chicago, can be used as a handy cooler when the beer is gone. For other examples of post-purchase features, see "Packages That Lead Double Lives," page 71.

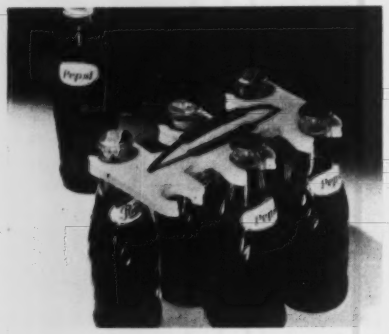
The DUN'S REVIEW survey shows that many manufacturers are now concentrating the full strength of their market testing and analysis forces on the problem of selecting the most appealing package. Since the package can be a crucial sales factor today, management is leaving nothing to chance or personal taste when choosing new garb for their products.

Everyone knows that taste varies greatly among the different economic and social groupings. Not too surprisingly, these variations in taste also apply to packages as well as products, as shown in a new study by the Package Research Institute, New York.

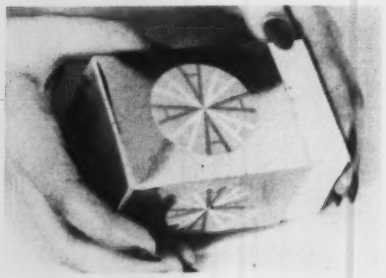
In the study, three groups of house-

What's Ahead

Here are some of the latest ideas in packaging—some so new they haven't yet gone into production.



A FORMIDABLE COMPETITOR *for paper "six-packs," this plastic gripper is made of Spencer polyethylene by Dura-Pak, Inc., Dallas. West Coast bottlers are already switching to new waterproof multi-pack.*



STORAGE PROBLEMS *are often solved by clever packaging. This experimental telescoping cheese container was developed by Harley Earl as part of the "Forecast" program of Aluminum Company of America.*

FOUR-COLOR *illustrations can now be placed on corrugated packages by means of a new process developed by Progress Lithographing Company, Cincinnati. The printing does not weaken the corrugated board because the outer liner is printed separately and then glued to the core.*

wives in the "upper middle," "lower middle," and "working" classes were asked to judge cooky packages and beer cans. The packages were specially made up to fit the categories of "good taste" (clean, abstract design), "sentimental taste" (hearts and flowers), and "bad taste" (garish).

In judging the cooky packages, most of the upper middle-class wives preferred the package expressing "good taste," while the "sentimental" design appealed to the other two groups of housewives. However the "sentimental" beer can was most popular with all groups.

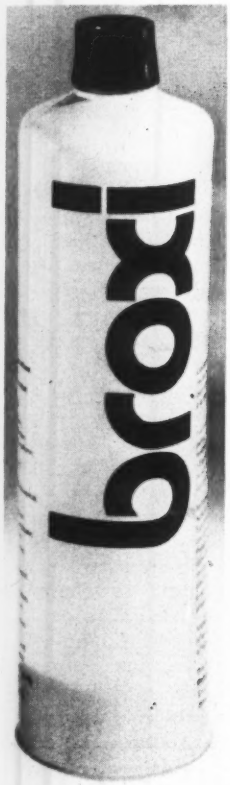
This study shows the need for careful market tests of new packages. It also suggests that package designs should be varied, depending on what group of people a product is aimed at. One manufacturer that has accepted this idea is McCormick & Company, Inc. Its "gourmet" spices are packaged in fancy glass containers designed by Jim Nash Associates, New York, while its line of staple spices come in the traditional can.

The implications of the study are also confirmed by R. Carl Chandler, chairman of the board of Standard Packaging Corp., New York. He claims that groups of top executives are often 90 per cent wrong in predicting which one of a selection of packages will be most successful.

Another reason for market testing is the heavy investment that companies make in packaging materials. If an ad campaign misfires, it can usually be modified on short notice. But a dud package can take months to replace.

With so many billions of dollars in sales at stake, it's no wonder that designing packages has become a highly organized and professional activity. Manufacturers have three alternatives open when they need package design talent: hire staff designers, retain an independent package design organization, or use the package design facilities of their suppliers of packaging materials. Of course, some combination of these three methods is also possible.

Only large corporations can afford their own full-time package design-



Packaging Ideas from Overseas

Although large manufacturers are practically unanimous in supporting the idea that Americans can go outside the United States and gain valuable technical ideas (see "Getting Your Share of World Technology," DUN'S REVIEW, February 1959), there is a sharp difference of opinion on the value of hunting overseas for *packaging* ideas. Many experts claim the United States is five years ahead in packaging, but others disagree.

Cellophane and polyethylene, they point out, were invented in Europe, and the flip-top box was first used by English cigarette companies. Packaging materials such as expandable polystyrene and urethane foam also are European products.

In the field of packaging graphics, Switzerland is recognized as a leader by Lippincott & Margulies, New York packaging designers. Since Switzerland has three official languages, the graphic design and symbols on the package (see photo) have to do the selling job normally assigned to copy.

On the other hand, another expert warns that European designs must be accepted with caution. Since supermarkets are practically unknown in most other countries, foreign products don't have to fight for recognition and shelf space as do U. S. products. However, the European Common Market is sure to stimulate the growth of American-style marketing.

ers. And although staff designers can be expected to know the company's problems best, they sometimes seek fresh ideas from outside consultants.

Small manufacturers, who can't afford to keep a stable of designers but still must contend with the growing emphasis on attractive packaging, can get help from a number of independent package design firms. These organizations usually are staffed by market researchers as well as designers.

For many years, packaging manufacturers handled most design problems for their customers. This service is usually offered at cost, or at less than cost for an important account.

Independent designers point out that packages designed by a packaging manufacturer are constructed largely out of materials supplied by that manufacturer. Another criticism is that a packaging manufacturer works for competitors, and experience gained on one project may be applied to solve a rival's packaging problem.

But designers associated with packaging manufacturers retort that independent designers don't know the technical side of packaging materials as well as they do, and that the independents are very expensive. One independent package designer was paid as high as $100,000 for designing a single package and $250,000 for creating a family of packages. However, he claims that tens of millions of dollars in additional sales more than justified the expense.

It takes an expert

There is no general rule for deciding who is best qualified to design a specific package. Executives have to sweat out this decision themselves on the basis of experience and their particular situation. However, the checklist on package design on page 69 gives some indication of the complexity of the problem.

Since industry is assigning a bigger job to packaging and is packaging more products, it's not too surprising that packaging costs are on the rise. A majority of the big manufacturers surveyed by DUN'S REVIEW say their costs are climbing. Included in the higher tab are fees for professional designers, charges for testing services, and the expense of manufacturing new packaging. Rising material and labor costs alone have accounted for some of the increase.

Many companies have tried to hold the line by installing more automatic or faster packaging machinery, and for about a third of the companies surveyed these measures have actually reduced the over-all costs.

Other companies say they are switching to lighter, less expensive packaging materials which reduce shipping charges.

Substituting paperboard for wood is the most common switch, and many companies committed to glass are changing to the new lighter, thinner, yet stronger glass bottles made possible by a new glass formula. The one-use bottles are disposable—another customer convenience.

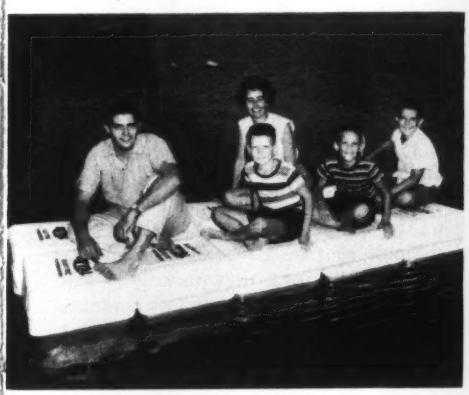
Many companies waste money by making their shipping containers more rugged than they need to be, accord-

Packages That Lead Double Lives

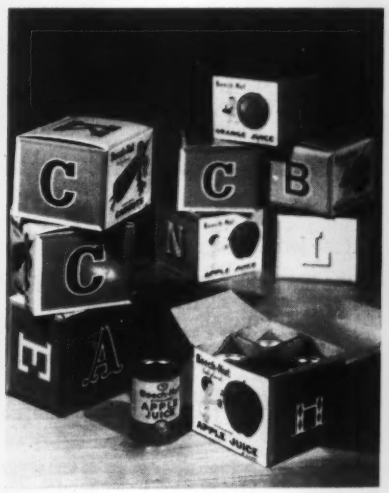
People have always found accidental uses for discarded containers. Outside at least one large city in North Africa there is a slum suburb nicknamed "Bidonville" because the natives live in huts made of flattened out oil drums ("bidons" in French) discarded by the U.S. Air Force.

In America, empty Band-Aid boxes are sometimes used to hold pin-curlers, empty liquor decanters are often turned into lamp bases, and empty cigar boxes have always had an infinite variety of uses.

But now many companies are deliberately creating packages that lead double lives, as shown in the photos. The opportunities are unlimited. Creating second lives for packages is just one aspect of designing features into them that will make the customer come back for more.



EXPANDED AND FOAMED *packages can have many second uses. Lightweight and watertight, they make excellent mooring buoys and floats, like this one made up of ten empty Royal typewriter containers. Housewives also can cover the containers with fabric to convert them into attractive hassocks. In addition to the second-use values they permit manufacturers to build into their packages, rigid foamed plastics offer exceptional protective qualities.*



NO BLOCK TO SALES: *These four-can multi-packs for Beech-Nut baby foods are also building blocks. Designed by Tanner-Brown, Inc., New York, in cooperation with the Container Corporation of America, who also manufactured the carton.*

POST TRADING: *The fiber board shipping container for General Electric's large stove can be turned into a sturdy playhouse for children. The doors and windows are scored to open easily. The top and bottom together form the roof. Instructions are printed on the side of the carton.*

Why struggle to bring out the best product... then lose out to competition because your package is dull, unattractive? Begin instead with packaging board treated with Calcofluor White and get the whitest whites, the brightest colors, the sharpest contrasts, the cleanest printing. Cyanamid's chemical brightener makes your package sparkle with extra sales excitement... makes your boxes and containers look the freshest, the liveliest, on the shelf. Put your quality product in a quality package. Specify Calcofluor-whitened board today!

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ing to Willard L. Newman, manager of General Electric's Packaging Laboratory. A simple way to determine how tough—and how expensive—a container must be, Newman says, is to examine the damage it sustains. If shipping damage is nonexistent or negligible, the carton is unnecessarily sturdy and can in all probability be made of cheaper, lighter material without raising the damage rate too high.

For example, Arvin Industries, Inc., Columbus, Ind., found that in some cases it could safely substitute 125-lb. test fiber board for 200-lb. test in shipping cartons.

Savings in shipping charges are achieved not only by weight reductions but by redesign of packages. For example, a manufacturer of kitchen appliances is saving $89,000 annually by making his shipping cartons slightly narrower. As a result, a boxcar can be more fully loaded to the weight minimum, and voids that require dunnage are eliminated.

Newman also recommends changing the design of the *product* when some oddly shaped part calls for an unusually expensive package. The American Seating Company, Grand Rapids, Mich., for instance, cut packaging costs by redesigning a chair to fit in a cheaper package.

A few companies, such as A. E. Staley Manufacturing Company, Decatur, Ill., are cutting packaging costs by setting up test programs for packaging materials. This is a simple way to weed out vendors of low-quality materials. Amazingly enough, many manufacturers who put to rigorous tests the raw materials that go into their products have never thought of testing their packaging materials.

Despite the vast expansion of market research, consumer buying habits remain largely a mystery. What part packaging plays in this mystery is also difficult to pin down. It can be expected, therefore, that packaging will remain more of an art than a science, offering opportunities for spectacular successes as well as spectacular flops. But by playing the percentages right and by applying the rational and scientific methods that are available, it should be possible to score your share of the successes.—MELVIN MANDELL

NEXT MONTH: Part II will cover Industrial Packaging, including an extensive analysis of packaging materials for both consumer and industrial needs.

C. Virgil Martin, President, Carson Pirie Scott & Company

"One Moore salesbook does the job of two"

AN 'ALL-PURPOSE CHECK' GIVES CARSON PIRIE SCOTT BETTER CONTROL OF SALES

The high volume of retail sales each day at Carson Pirie Scott's Chicago department store could create a paperwork bottleneck and an auditing headache. But a four-part form, bound in a salesbook, has cut paperwork in half. It has proved to be more accurate, and has eased inventory problems. It simplifies personnel training, and by replacing an older system calling for 2 books, it saves time and money.

The salesbook is used to record all sales that are to be charged or delivered, except COD's. Copies for every use are produced in a single writing – receipt, shipping label, packing slip, audit and billing copies, inventory control record and so on. It is a complete paperwork system in itself, and it helps Carson's give their customers the kind of service that has won for the company the name "the friendly store."

The salesbook, designed and produced by Moore, is the company's control in print.

"We got more than just a salesbook from the Moore man," said Mr. C. Virgil Martin, President of Carson's. "We got a complete system – designed by an expert." Whatever control your company needs, from a salesbook to ADP (Automated Data Processing), the Moore man's experience can help you. Look him up in the Yellow Pages or write the nearest Moore office.

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1960's Prescription:

Improved Quality Control

INSIDE JOB: *X-rays have many uses in quality control. Here, a metallurgist checks a valve casting on a new inspection facility at American Chain & Cable Company, Reading, Pa.*

COMPANIES are beginning to wake up to the fact that something must be done to beef up quality control standards that have softened as a result of two wars and ten years of sellers' markets.

The customer isn't so anxious for goods that he is willing to overlook the minor deficiencies or breakdowns that were tolerated when many products were in short supply. If a company's products don't stand up, the word gets around quickly and customers switch to other suppliers—or imports.

The flood of quality imports is producing a strong competitive challenge for American manufacturers. English, German, and French goods earned the quality label long ago, but now Japanese products are winning the respect of the discriminating consumer (see DUN'S REVIEW, August 1959, page 33).

Besides stiffer competition from abroad, there are other new reasons for tightening up on quality control:

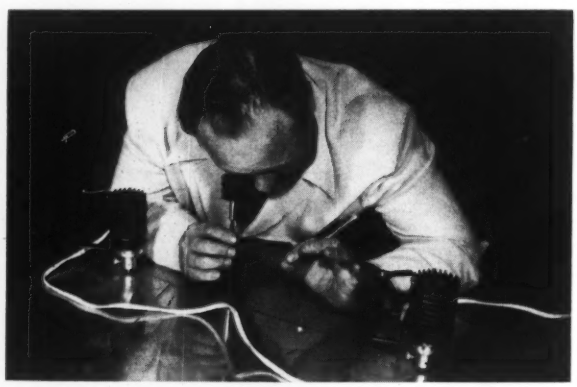
- increasingly complex or sensitive equipment, which is much more likely to break down
- a shortage of good service people to correct mistakes undetected in the factory
- the prohibitive cost of replacing parts during the warranty period and the ill will created among customers by faulty equipment.
- Increased use of miniaturized equipment (see DUN'S REVIEW, January 1959, page 44). Miniature parts require more quality control, which sometimes runs as high as an incredible 30 per cent of manufacturing cost for nonmilitary items. Military equipment, of course, requires unusual quality control.

Good quality control is based on three essentials: proper organization, carefully trained inspectors, and the right tools for the job.

Providing the proper tools once called for a modest outlay, but now quality control frequently demands instruments that are as costly as production machines.

Sophisticated, ultrasensitive quality

continued on page 78



QUICK DIAGNOSIS: *Both these inspectors are using borescopes to check the hidden insides of products. The instrument was developed from the doctor's bronchoscope. At right, the borescope slips into a bolt hole in a sealed Convair airplane wing. Light comes from the two special lamps inserted in adjacent holes. At left, an inspector checks the inside of a long length of specially prepared copper tubing at Wolverine Tube Division, Calumet & Hecla Corp., Allen Park, Mich.*

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Metallurgical Memo from General Electric

How tomorrow's space travel was born in a vacuum

Metallurgical Products Department reports on vacuum-melted alloys . . . and on how they are destined to play an important role in space

Space travel! Not too long ago it was a subject best left to science-fiction writers. Yet, the day is not far off when it will be commonplace—thanks, in part, to General Electric's work with new vacuum-melted alloys.

Take René 41*, for example. Like other alloys produced by General Electric, it is melted in an almost perfect vacuum. This results in an alloy virtually free from impurities. It combines top strength with minimum weight—resists supersonic temperatures—*yet can readily be formed, forged, or welded!*

Because of the high strength and reliability of René 41—*at temperatures from 1000° to 1800° F.*—it can be employed successfully where other metals and alloys can't. Specified today as a production alloy in engines and structural members of jet aircraft, versatile René 41 will be used for the leading edge of wings on supersonic craft, in heat-resisting parts of rockets, and in space re-entry vehicles. It is truly a space-age alloy . . . but with properties *your* designers will be able to exploit *today!*

Vacuum-melted alloys are but one of the products of the Metallurgical Products Department. Other space-age alloys and metallurgical developments are coming, for progress in metallurgy is vital to the future! *Metallurgical Products Department of General Electric Co., 11179 E. 8 Mile Ave., Detroit 32, Michigan.*

*René 41 is a trademark of the General Electric Company

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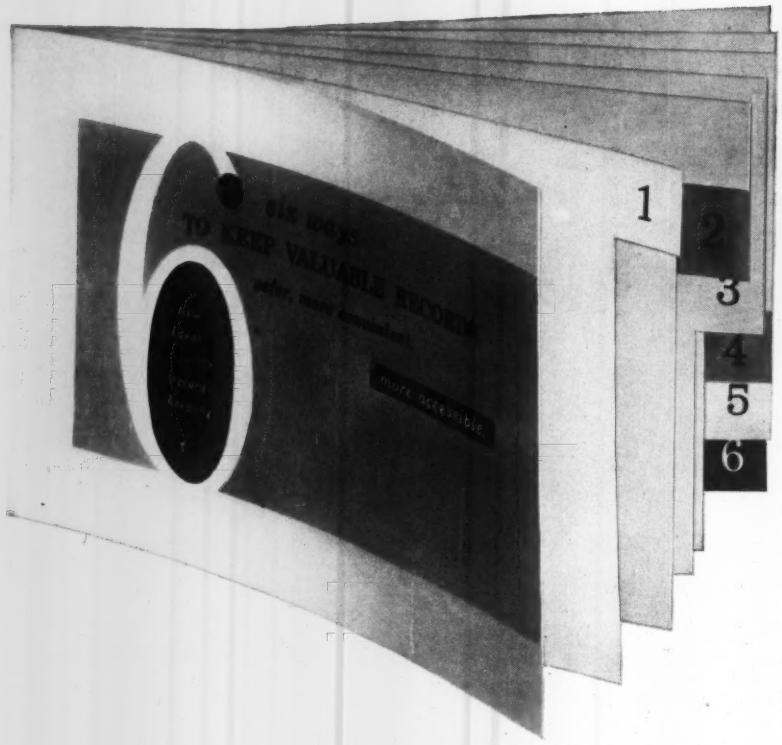

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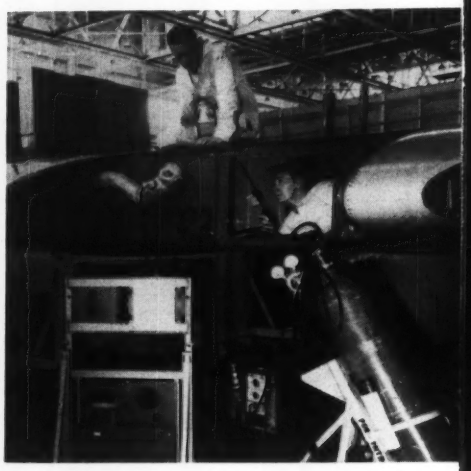
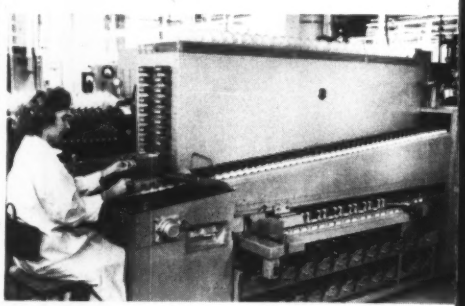


LEAK DETECTOR: *Infrared instruments have many applications in quality control. Here, an IR analyzer (see* DUN'S REVIEW, *October 1957, page 138) is used to detect the tiniest leaks in wing tanks on Martin airplanes. This analyzer senses nitrous oxide gas injected into the tank. Refrigerator manufacturers are experimenting with infrared cameras to detect undesirable voids in foamed-in-place plastic insulation.*

control instruments won't amount to much more than window dressing, however, if the quality control function is not well organized. The steps taken recently by four leading American manufacturers to organize their inspection systems more efficiently illustrate the trend toward tighter quality control.

- At Carrier Corp., Syracuse, N.Y., a study of customer likes and dislikes helps indicate where checks should be made most thoroughly on a line of room air conditioners.
- A new eight-point quality control program at Aeronca Manufacturing Corp., Middletown, Ohio, has cut rework operations on one assembly, for



HOME-MADE GEAR: *Some quality control situations are so specialized that the manufacturer has to develop and build the test machines itself. Four of these home-made "Rube Goldbergs" test the entire output of RCA's Tube Division. RCA also sells the 40-tube-a-minute machines to competitors.*

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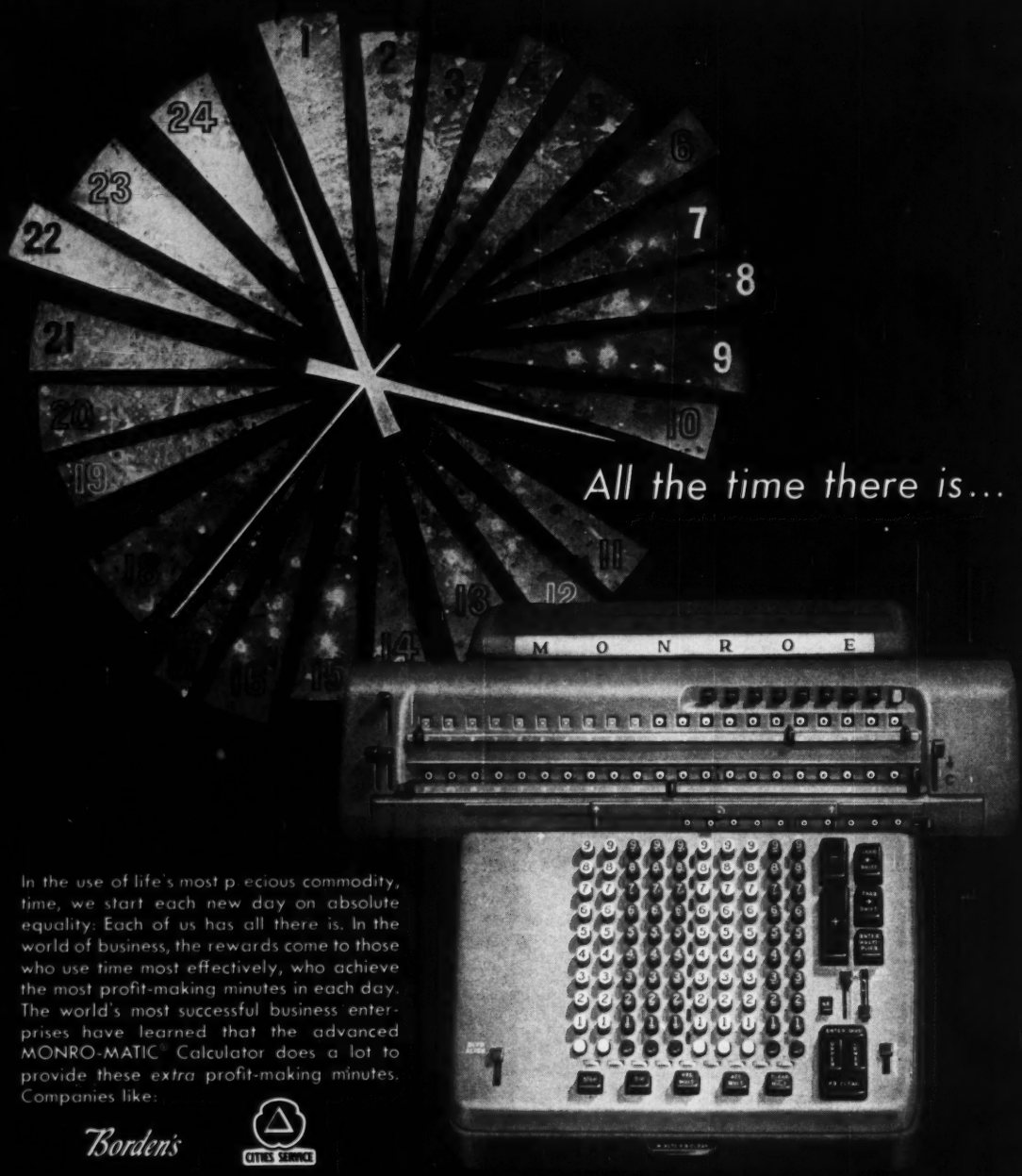
LUBRICATION IS A MAJOR FACTOR IN COST CONTROL



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The High Cost of Poor Quality Control

The Hotpoint Company, one of the nation's biggest electric appliance makers, is spending $10 million to buy back the products of a deficient, but now corrected, quality control program.

Investigating the reasons why sales of Hotpoint's 1958 line of home laundry appliances were lagging, executives discovered that some models manufactured in the three previous years were performing poorly.

To rebuild customer good will, Hotpoint, whose other products include electric ranges, television sets, and refrigerators, adopted an unusual policy. Owners of unsatisfactory '55 and '56-model washers were offered this year's models for the difference in price—a new $300 machine, for instance, for only $50. Major parts in one '57 model were replaced without charge.

The company's generous offer to make amends is now paying off in increased 1959 sales. And the massive reparations policy won't have to be implemented again because of a revised quality control program now in effect.

example, by 94 per cent. Among the eight points is more detailed inspection of incoming parts and raw materials, which helps Aeronca rate vendors on quality. In addition, Aeronca personnel visit customers' plants to see how their products are performing.

- "Progressive" inspection is the key to the new quality control system at Librascope, Inc. Under this program, all the subassemblies of the computers manufactured at the company's Glendale, Calif., plant are tested separately under simulated operating conditions before assembly. In this way, a defective part can be spotted and replaced before the computer is completely assembled.
- Chrysler Corp. has set up a special small-scale assembly line with a capacity of only one car an hour to use in training its supervisors in advanced quality control techniques. The line is also used to test parts made by outside suppliers under actual assembly line conditions before they are ordered in volume by the purchasing department. —M.M.

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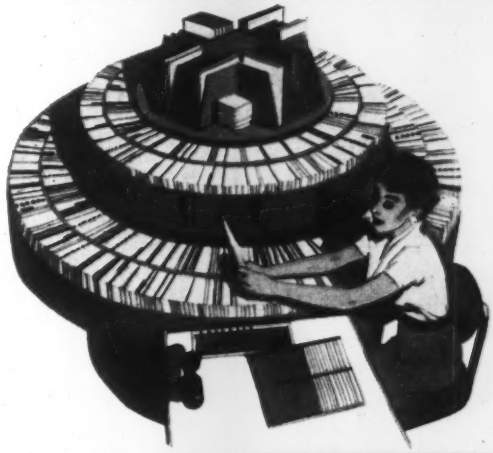

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14 Important Ratios in 12 Retail Lines

FOR the year 1958, the median ratios of net profits on net sales were below 2 per cent in ten of the twelve lines listed and barely above 2 per cent in the remaining two retail lines. Eight years ago, net profits on net sales were more than 7 per cent in three of these lines and ranged from 3 to 7 per cent in seven others. In only two retail trades did median net profits fall below 2 per cent of sales in 1950.

This drastic shrinkage in profits-to-sales margins reflects the impact of the adjustments to which retailers have been subjected during the revolutionary period in retailing since 1950. Many retailers who were unable to make these adjustments have fallen by the wayside in this period, as attested by the sharp rise in commercial failures.

Others not only adjusted, but thrived. Grocers retained only a penny in earnings, after taxes, out of every sales dollar but did well as regards the amount of profits realized on invested capital. The median for net profits on tangible net worth for the year 1958 was 9.44 per cent for independents and 10.62 per cent for the chains.

If net profits on tangible net worth have come to reflect the measure of merchandising results, rather than the margin of profits to sales, then none of the retail lines did well except the grocers. In nine of the twelve lines, median net profits on tangible net worth fell below 6 per cent, and in two, to less than 3 per cent.

Aside from the profit ratios, one other relationship invites comment—namely, the ratio of total debt to net worth. In each of the twelve lines, there were concerns in the lower quartiles whose total debts in 1958 exceeded 90 per cent of tangible net worth. Generally, it is considered unwise for a retailer to owe an amount equivalent to more than 75 per cent of net worth. These figures suggest that some retailers have been piling up large obligations by borrowing to finance expansion, with the expectation of paying these debts out of future earnings—a risky course should funds for future repayment fail to materialize.

Line of Business (and number of businesses reporting)	Current assets to current debt	Net profits on net sales	Net profits on tangible net worth	Net profits on net working capital	Net sales to tangible net worth	Net sales to net working capital	Average collection period	Net sales to inventory	Fixed assets to tangible net worth	Current debt to tangible net worth	Total debt to tangible net worth	Inventory to net working capital	Current debt to inventory	Funded debts to net working capital
	Times	Per cent	Per cent	Per cent	Times	Times	Days	Times	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
FOR 12 RETAIL LINES—1958 MEDIANS AND QUARTILES														
Clothing, Men's and Boys' (163)	4.94	4.50	9.01	12.64	3.55	4.27	**	4.3	5.5	18.2	57.5	61.9	35.9	14.3
	2.87	**1.94**	**4.11**	**4.92**	**2.38**	**2.96**	**	**3.3**	**11.6**	**39.2**	**94.0**	**90.9**	**61.1**	**37.4**
	1.87	0.75	1.06	1.76	1.57	2.14	**	2.5	28.8	77.6	168.4	123.0	90.6	69.2
Clothing, Men's and Women's (87)	5.53	6.67	10.38	16.40	3.76	4.47	**	5.9	10.0	18.2	39.6	52.6	40.4	12.3
	3.35	**2.10**	**5.16**	**6.93**	**2.49**	**3.19**	**	**4.1**	**20.7**	**32.7**	**67.7**	**72.7**	**60.4**	**28.4**
	2.04	0.67	1.79	2.12	1.73	2.28	**	2.3	39.9	69.9	118.4	123.4	93.6	47.5
Department Stores (438)	5.67	3.15	9.12	13.32	3.92	5.12	**	7.3	13.0	14.5	42.4	47.0	39.6	14.9
	3.70	**1.91**	**5.27**	**6.93**	**2.88**	**3.82**	**	**5.8**	**24.5**	**26.8**	**60.7**	**63.7**	**61.3**	**34.2**
	2.40	0.32	1.05	1.24	2.26	3.09	**	4.6	45.5	49.8	91.6	91.8	90.3	51.9
Dry Goods (78)	14.73	12.66	19.38	30.03	4.10	5.90	**	5.0	5.7	6.1	47.3	62.1	14.4	16.2
	6.28	**2.17**	**7.23**	**9.65**	**2.41**	**3.05**	**	**3.7**	**15.0**	**16.2**	**51.5**	**75.8**	**32.6**	**41.0**
	2.99	0.65	2.46	2.80	1.87	2.49	**	3.0	31.0	39.6	108.0	112.6	50.8	56.8
Furnishings, Men's (44)	10.50	4.94	10.15	16.81	3.68	5.43	**	4.5	4.9	9.9	73.7	61.1	24.5	28.0
	3.51	**1.09**	**2.83**	**4.21**	**2.35**	**3.19**	**	**3.2**	**11.7**	**26.1**	**156.2**	**89.1**	**41.6**	**45.9**
	2.02	1.33†	3.23†	3.45†	1.42	1.86	**	2.5	30.4	64.8	218.5	145.5	76.2	65.9
Furniture, 50 per cent or more, installment (132)	5.74	2.87	5.69	7.11	3.11	3.78	94	5.6	4.8	19.1	46.3	29.7	56.3	8.1
	3.27	**0.95**	**2.06**	**2.59**	**1.92**	**2.30**	**148**	**4.5**	**13.4**	**42.5**	**83.6**	**44.2**	**101.0**	**22.2**
	1.90	1.01†	1.05†	1.86†	1.49	1.56	217	3.3	29.4	81.9	120.1	74.8	173.2	39.5
Groceries and Meats, Chain (54)	3.01	1.74	13.89	29.10	11.20	22.12	**	15.8	43.3	33.2	48.7	105.5	52.8	23.1
	2.21	**1.11**	**10.62**	**21.71**	**9.18**	**16.58**	**	**14.1**	**56.6**	**46.3**	**77.9**	**121.1**	**72.2**	**44.7**
	1.71	0.86	7.67	13.24	7.94	11.80	**	11.7	74.5	70.6	104.4	150.7	95.7	80.2
Groceries and Meats, Independent (44)	3.09	1.49	18.13	50.72	17.20	54.84	**	29.8	30.6	18.9	56.4	72.9	60.2	16.5
	1.89	**1.02**	**9.44**	**24.02**	**9.01**	**25.28**	**	**19.9**	**54.9**	**48.7**	**89.4**	**124.4**	**99.2**	**69.0**
	1.14	0.29	5.79	11.38	6.69	11.92	**	13.9	84.3	91.3	144.4	179.5	142.4	158.8
Hardware (40)	8.41	3.84	11.51	13.94	4.54	5.41	**	6.4	4.5	11.9	35.2	65.4	23.8	14.7
	3.18	**1.73**	**4.62**	**5.63**	**2.30**	**3.48**	**	**3.6**	**15.3**	**29.6**	**71.8**	**79.0**	**47.0**	**29.0**
	1.91	0.31	0.72	1.23	1.78	2.33	**	2.5	36.8	57.5	149.5	137.2	90.5	90.0
Lumber and Building Materials (142)	7.69	3.21	6.86	9.41	4.16	5.19	42	6.6	10.1	12.3	29.8	49.6	28.9	5.1
	3.66	**1.65**	**4.01**	**5.42**	**2.14**	**3.07**	**59**	**4.7**	**17.7**	**27.8**	**58.7**	**67.7**	**57.3**	**21.4**
	2.22	0.34	1.44	2.01	1.67	2.09	93	3.5	28.3	55.6	94.6	92.2	111.2	34.3
Shoes (78)	4.07	4.26	10.85	16.31	4.41	7.89	**	5.5	5.8	24.6	36.5	86.0	36.7	9.5
	2.84	**1.54**	**5.17**	**6.73**	**3.69**	**4.83**	**	**4.1**	**13.0**	**38.5**	**55.5**	**104.5**	**54.3**	**21.4**
	2.10	0.34	1.52	2.47	2.44	2.88	**	3.4	29.8	63.1	95.8	137.8	75.3	35.0
Women's Specialty Shops (193)	3.69	3.35	8.66	16.13	4.46	8.05	**	9.0	10.4	29.3	64.7	45.8	77.6	16.3
	2.26	**1.53**	**4.81**	**6.53**	**3.10**	**4.57**	**	**6.1**	**21.4**	**54.4**	**95.8**	**71.2**	**115.0**	**29.8**
	1.74	0.27	0.85	1.22	2.02	3.27	**	5.4	41.6	92.0	139.5	106.3	157.9	61.5
DEPARTMENT STORES—BY SIZE (TANGIBLE NET WORTH) CLASSES—MEDIANS ONLY														
1958 Under $250,000	**3.67**	**1.06**	**3.81**	**5.88**	**3.34**	**3.98**	**	**4.3**	**22.4**	**31.0**	**90.9**	**83.2**	**50.5**	**45.5**
1958 $250,000—$1,000,000	**3.53**	**1.40**	**3.32**	**5.68**	**2.94**	**4.34**	**	**5.6**	**22.7**	**25.6**	**60.7**	**65.8**	**63.3**	**34.1**
1958 Over $1,000,000	**4.01**	**2.44**	**5.89**	**8.66**	**2.49**	**3.56**	**	**6.9**	**31.9**	**25.8**	**52.5**	**52.1**	**67.9**	**31.4**

**Not computed; necessary information as to the division between cash sales and credit sales was available in too few cases to obtain an average collection period usable as a broad guide. †Loss.

Definitions of Terms

The Ratios—The data used are based upon a representative sampling with a tangible net worth which only occasionally is below $50,000. . . . The center figure for each of the twelve lines is the median. The other two figures in each line are quartiles; for each ratio they indicate the upper and lower limits of the experiences of that half of the concerns whose ratios are nearest to the median.

Collection Period—The number of days that the total of trade accounts and notes receivable (including assigned accounts and discounted notes, if any), less reserves for bad debts, represents when compared with the annual net credit sales. Formula—divide the annual net credit sales by 365 days to obtain the average credit sales per day. Then divide the total of accounts and notes receivable (plus any discounted notes receivable) by the average credit sales per day to obtain the average collection period.

Current Assets—Total of cash, accounts and notes receivable for the sales of merchandise in regular trade quarters less any reserves for bad debts, advances on merchandise, inventory less any reserves, listed securities when not in excess of market. State and municipal bonds not in excess of market, and United States Government securities.

Current Debt—Total of all liabilities due within one year from statement date including current payments on serial notes, mortgages, debentures, or other funded debts. This item also includes current reserves such as gross reserves for Federal income and excess profit taxes, reserves for contingencies set up for specific purposes but does not include reserves for depreciation.

Fixed Assets—The sum of the cost value of land and the depreciated book values of buildings, leasehold improvements, fixtures, furniture, machinery, tools, and equipment.

Funded Debt—Mortgages, bonds, debentures, gold notes, serial notes, or other obligations with maturity of more than one year from the statement date.

Inventory—The sum of raw material, material in process, and finished merchandise. It does not include supplies.

Net Profits—Profit after full depreciation on buildings, machinery, equipment, furniture, and other assets of a fixed nature; after reserves for Federal income and excess profit taxes; after reduction in the value of inventory to cost or market, whichever is lower, after charge-offs for bad debts; after miscellaneous reserves and adjustments; but before dividends or withdrawals.

Net Sales—The dollar volume of business transacted for 365 days net after deductions for returns, allowances, and discounts from gross sales.

Net Sales to Inventory—The quotient obtained by dividing the annual net sales by the statement inventory. This quotient does not represent the actual physical turnover, which would be determined by reducing the annual net sales to the cost of goods sold and then dividing the resulting figure by the statement inventory.

Net Working Capital—The excess of the current assets over the current debt.

Tangible Net Worth—The sum of all outstanding preferred or preference stocks (if any) and outstanding common stocks, surplus, and undivided profits, less any intangible items in the assets, such as goodwill, trademarks, patents, copyrights, leaseholds, mailing list, treasury stock, organization expenses, and underwriting discounts and expenses.

Turnover of Tangible Net Worth—The quotient obtained by dividing annual net sales by tangible net worth.

Turnover of Net Working Capital—The quotient obtained by dividing annual net sales by net working capital.

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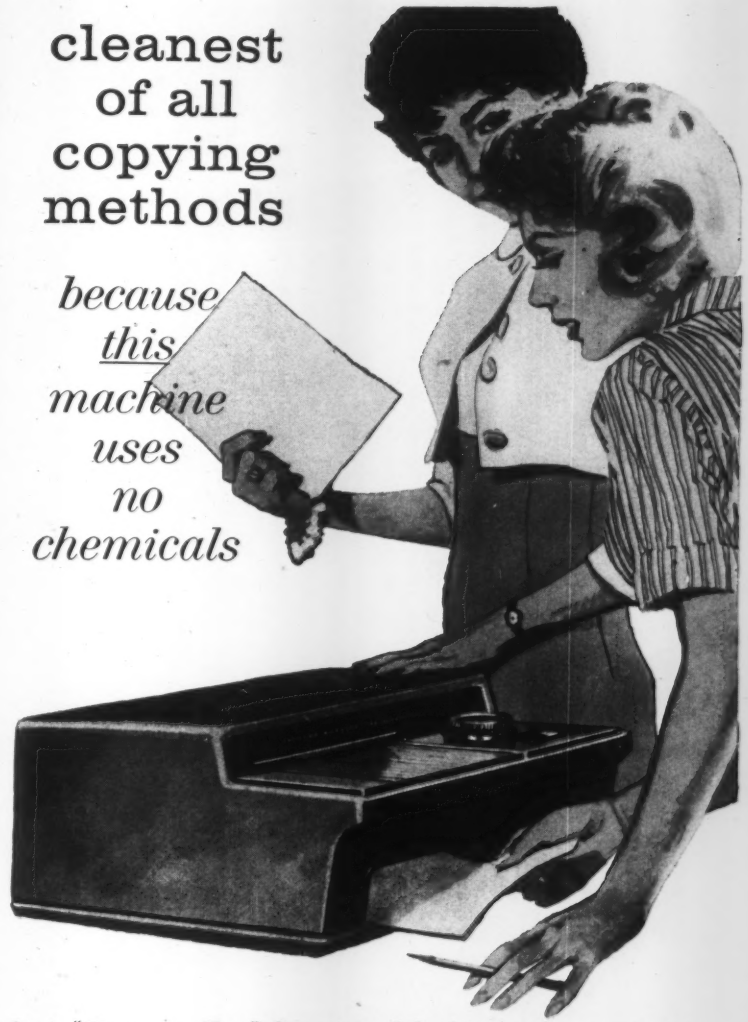

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What the New Labor Law Means to Management

THEODORE W. KHEEL

✓ *Some relief from organizing pressures for small, non-union employers.*

✓ *Fresh headaches for union leaders—including danger of sharper factional feuding.*

Signed into law by President Eisenhower on September 14th, the Kennedy-Landrum Labor-Management Reporting and Disclosure Act of 1959 is the first major piece of national labor legislation in twelve years. Like Taft-Hartley, it is a bitter pill for organized labor, despite a few "sweetening" features. But unlike Taft-Hartley, it isn't likely to usher in a new era in collective bargaining. Just what it will mean to management-labor relations is spelled out for DUN'S REVIEW *readers in this exclusive analysis by one of America's most distinguished labor relations attorneys.*

It's a mistake for employers to think the new labor law is pro-management simply because it puts clamps on unions and they don't like it. Actually, companies already unionized are not likely to be affected by it at all—at least, not directly. Non-union employers do get additional immunity against organization from the new ban on "blackmail" picketing (picketing to force recognition without an election, especially where the union's majority status is in doubt) and secondary boycotts (as, for example, getting the drivers of a trucking company to stop deliveries to a company the union is trying to organize). But the turning point for those companies really came twelve years ago, when Taft-Hartley empowered management to compete on equal terms with unions for the allegiance of their employees. Statistics show that unions haven't grown at all since then.

But neither have they gone backward, even though Taft-Hartley set up a way for employees to get out of unions if they wanted to. So, the experience of the last twelve years yields this axiom on unionization: Once an employer is organized, chances are he'll continue to be. Nothing in the new law is likely to upset this probability.

State laws will vary

Of course, small employers who already are exempt under NLRB rules from the Board's jurisdiction may get the benefit of new state laws hostile to unions. But it's hardly likely that the heavily industrialized states, where unions are most active, will go much beyond what Federal laws now provide.

The big changes under the new law will come in the way unions will have to be run from now on. The law has a "Bill of Rights" for union members. They are guaranteed the right to nominate candidates, vote in elections, attend meetings, get together with other members, and speak out on any issue. They don't have to pay increased dues, fees, or assessments unless voted on in the ways the law prescribes. They can sue the union, no matter what limitations the union's constitution contains. And they're entitled to receive copies of collective bargaining agreements, as well as detailed reports on the union's finances and operations.

In addition, union officials are required to report any business deals they have with employers or their unions. (Employers also have to report such deals, as well as any payments or arrangements to influence employees' choice of representatives.) The law also sets up strict fiduciary responsibilities for union officers who handle money. It requires officials dealing with more than $5,000 a year to be bonded, and it prohibits unions from lending more than $2,000 to any officer or employee.

Elections and the law

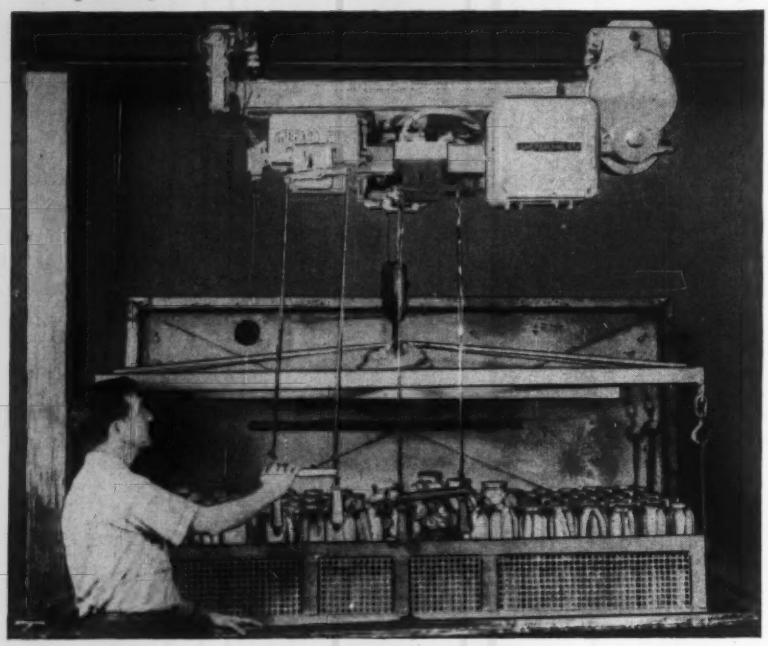
The law also requires unions to hold elections for officers by secret ballot and to hold them at minimum intervals. Persons with criminal records are barred from holding union office until five years after their conviction.

The Secretary of Labor is charged with enforcing these rules, and this alone makes him a major factor in labor affairs. Penalties for violations of the law are stiff. They include fines and prison sentences.

The law also contains a few sweeteners for unions. The ban in Taft-Hartley on the right of strikers to vote in representation elections is lifted. Also, unions in the construction trades can now make what are really the equivalent of closed shop contracts, which previously were banned by Taft-Hartley.

It's difficult right now to say just

10 years' service



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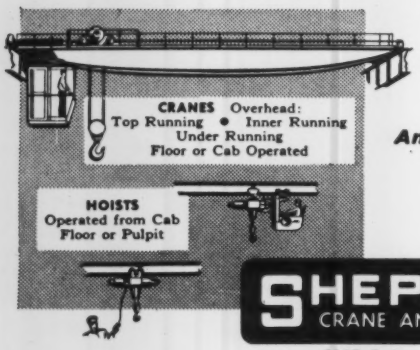

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how the new law will affect unions. Many are already complying with the main provisions. But all will have a lot of extra paperwork to do. The main worry of union leaders is that the law will intensify factional feuding. If true, this may make the employer's role in collective bargaining more difficult than ever.

One great concern employers who deal with unions have had in recent years is the reluctance of union leaders to take a positive role in negotiations. Too often, out of fear of giving opposition groups within the union a chance to attack them, they serve merely as messenger boys, transmitting offers from management to their membership. No one, of course, wants union dictators, benevolent or otherwise. But neither does anyone want officials who fail to lead because they fear repudiation. This problem may be intensified by provisions of the new law.

Bargaining problems unsolved

So, except for non-union and small employers, the new bill's impact on management will, at most, be indirect. Those companies that are now organized will be dealing with unions under the new law on the same basis as before. Each year or two, they will have to negotiate a new contract. In between, they will have to deal with their union on grievances and other problems of contract administration.

The problems that most of these companies face (and there are about 100,000 of them) involve neither organizational disputes nor—except indirectly—internal union procedures, the principal subjects of the new legislation. Rather, they involve collective bargaining as it has developed during the last two decades. The results of bargaining and contract administration, moreover, affect not only the size of the employer's wage bill but employee productivity as well. More specifically, they are at the root of the success or failure of practically every company in the country.

These problems of collective bargaining are not solved by the new law, even though it bans abuses that sorely needed correction. In the final analysis, the basic collective bargaining problems must be solved by the company and union themselves. In other words, salvation for organized companies still lies, not in the Halls of Congress, but right in their own back yard. END

Focus on Finance

GERALD M. LOEB

- *In this era of business expansion, the need for fresh capital makes good stockholder relations a must.*
- *Companies are finding a variety of ways to offer their stockholders tax-exempt dividends.*
- *When is a killing not a killing? Hindsight often makes a normal return on investment look like a windfall.*

Wooing the Stockholder

Aunt Jane put down her mop to answer the insistent ringing of the telephone. "This is the office of Mr. Robert Young in New York calling," a voice said. "You own 35 shares of New York Central?"

Yes, Aunt Jane owned 35 shares of the railroad stock, but never had she dreamed her holdings would be so important that she would be called upon to cast her vote in an all-out proxy battle.

All over the country, the Aunt Janes and millions of other individual stockholders are coming to realize the importance of their ownership. And far-sighted, progressive managements are finding that they can't wait until they are engaged in a costly battle for control before they begin to show an interest in their smaller stockholders. "People's capitalism" is becoming more than a catch phrase.

Their opinions count

Stock prices, in the final analysis, represent stockholder appraisals, and since market valuations affect corporation credit, financing costs, and merger terms, the opinions of stockholders are of paramount importance.

The larger the company, the smaller the problem. Big companies can afford their own stockholder relations staffs, and important company developments are reported in the press.

A wise investment

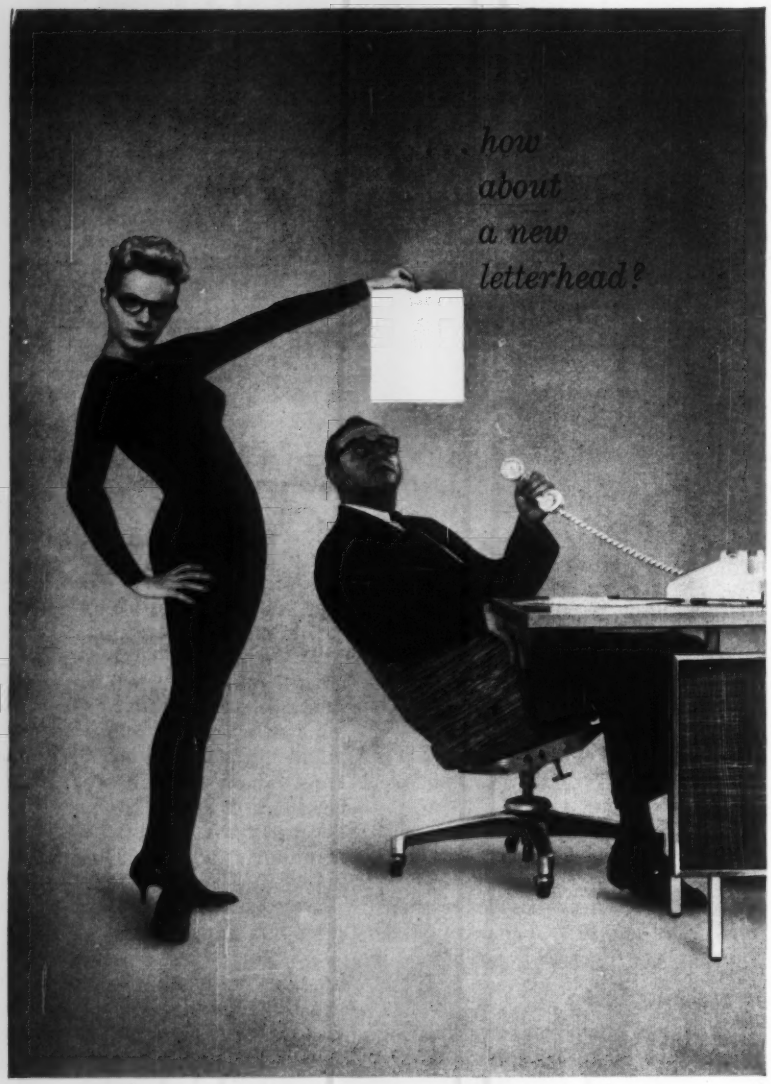
It is the small company that has the big problem. Because it feels it can't meet the cost of a stockholder relations staff, the smaller concern assigns the job to its treasurer, its advertising or general public relations agency, its investment banker or broker, or its financial share-owner relations counsel. But, actually, paying the cost of a stockholder relations staff is one of the most profitable ways to invest company funds. As a matter of fact, good financial public relations pays even when a company is only just considering going public.

Just what do stockholder relations people do which makes them so valuable? Among their many functions is the task of preparing annual and quarterly reports to stockholders and the press. They arrange the annual shareowners' meeting and send a post-meeting report to those who could not attend. They give talks before analysts' societies and groups of brokers, counselors, and institutional investors and, of course, they maintain good press relations. Another important job is handling correspondence and phone inquiries from stockholders. And, finally, the stockholder relations staff is responsible for answering the questions of professional investors.

The American Telephone & Telegraph Company, which has the most shareowners and almost the largest number of shares, illustrates stockholder problems on the grand scale. Huge amounts of new capital are needed to keep the company's facilities on a par with the growing demand for its services. This means that AT&T must not only keep its present shareowners satisfied but must attract more and more new ones.

The heavy burden of stockholder relations work falls to the Treasurer's Department of AT&T, headed by L. C. May. The department receives some 100,000 letters a year, many of

TALKING BUSINESS: *Personal visits are part of the stockholder relations program of American Telephone & Telegraph. An AT&T shareowner interrupts her leaf-raking when Boyd H. Dunbar, assistant treasurer of the New England Telephone and Telegraph Company, comes calling.*



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which are answered by telephone.

AT&T considers prompt stock transfers part of good stockholder relations and makes a point of being helpful in the stock transfers of small shareholders, estates, and minors. Special attention is paid to prompt replacement of lost and destroyed dividend checks, and great pains are taken to protect AT&T stockholders against loss when subscription or conversion rights are allowed to lapse. More than 100,000 stockholders have toured the company's facilities during regularly planned visits.

How a small company profited

Expertly managed stockholder relations can also be attained by the smaller company. A successful undertaking of this type is Aeroquip Corp. of Jackson, Mich. When the company first saw the need for financial public relations, it put its problems in the hands of a leading expert in this highly specialized field. Here is how Peter F. Hurst, president, founder, and principal shareowner, describes the results:

In 1950, we were traded over-the-counter. At that time, we had less than 800 stockholders. Today, we are listed in the New York Stock Exchange. We now have more than 4,100 registered stockholders, plus an estimated 1,000 owners whose holdings are in broker names. One reason for this growth was the exceedingly effective job our financial public relations counsel did in developing wide interest in our shares at all investment levels, including several investment trusts. We were also effectively guided in being listed on the American Stock Exchange.

The activities of our financial counsel even stimulated contacts which resulted in favorable acquisitions by our company on the West coast. The acceptance of Aeroquip stock and of our business as a well-financed, growing enterprise has borne tangible, positive benefits. Good financial public relations is a basic part of our overall management policy.

Valuable as such programs are, the distinction between vital stockholder relations and tipping or share pushing must be sharply drawn. In a statement made in November 1949 on stockholder relations counsel departments, as they were termed, the New York Stock Exchange told its mem-

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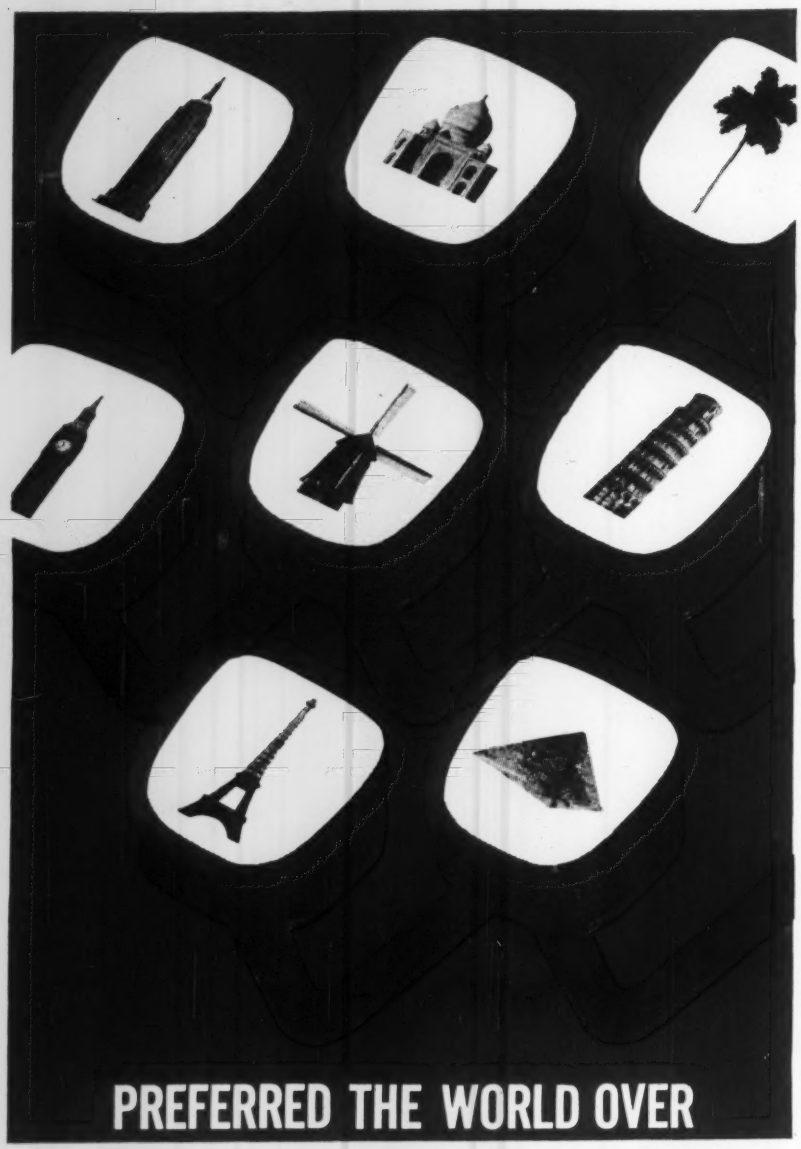

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bers that it had no objection to its members performing this work on an annual fee basis. However, members were warned that at no time could the prepared information carry a recommendation to purchase the securities of the subject corporation. It was also required that each communication bear a statement to the effect that the member firm had been retained as the corporation's consultant on stockholder relations.

Stockholder relations is a modern must. Millions of investors have yet to buy their first share of stock. Too often they feel that a piece of real estate is something tangible, and a share of stock is just a piece of paper. Only education can teach them that good stocks represent not only land, bricks, and mortar, but partnership in companies with progressive management, good earning power, and dividend-paying ability.

Tax Shelter Dividends

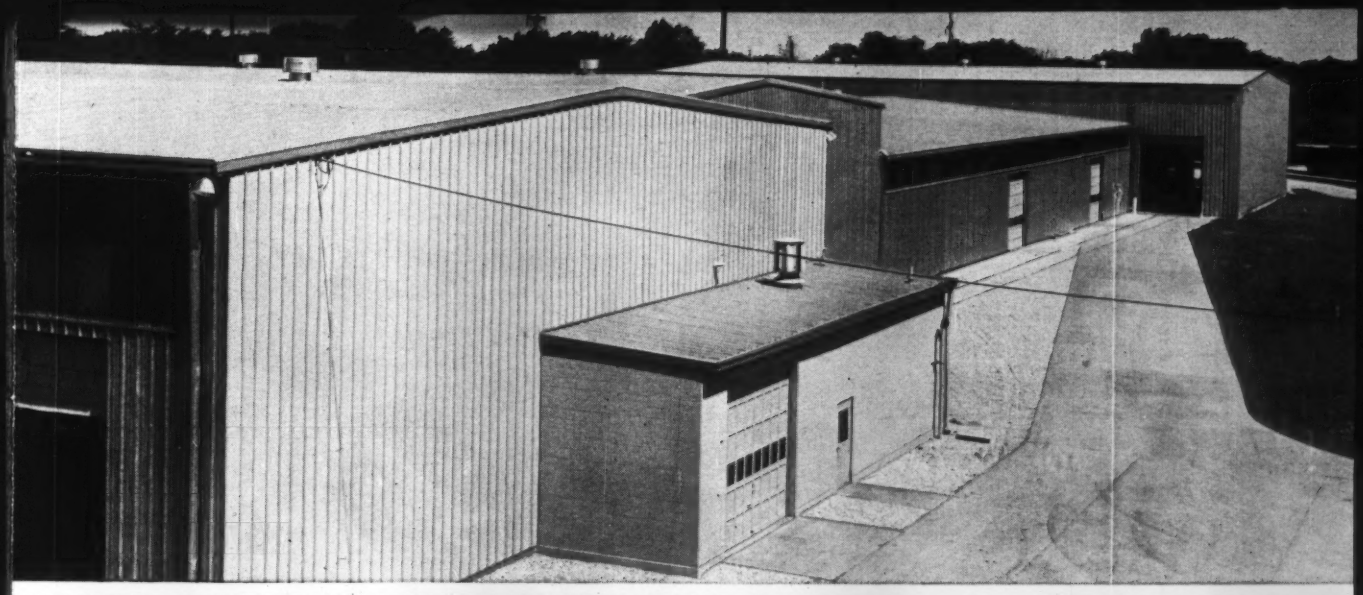
Other things being equal, investors in high tax brackets like to seek out shares that pay dividends which are not subject to normal tax rates. These originate in various ways.

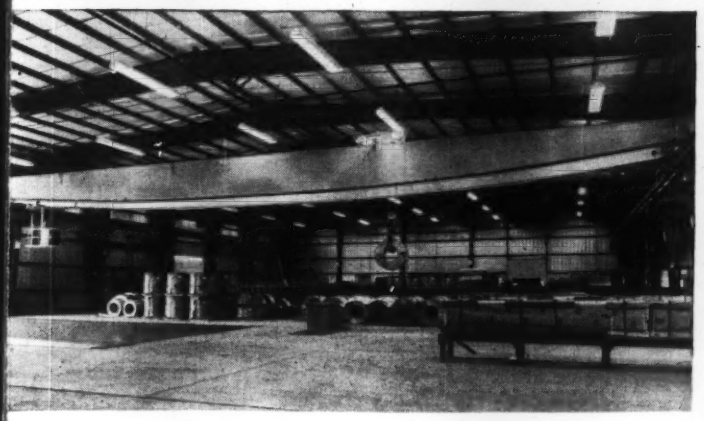
Mining companies, for instance, often are able to pay a dividend out of depletion allowances. Of course, the recipients naturally hope that the depletion of ore reserves is not real and that additional ore deposits will be discovered later.

Distributions of this nature are usually spelled out in annual reports. For example, Great Northern Iron Ore Properties told its stockholders that on the $2 dividend paid last December, 82 per cent or precisely $1.6404 per share is calculated to be taxable and about 18 per cent or $.3596 nontaxable for Federal income tax purposes.

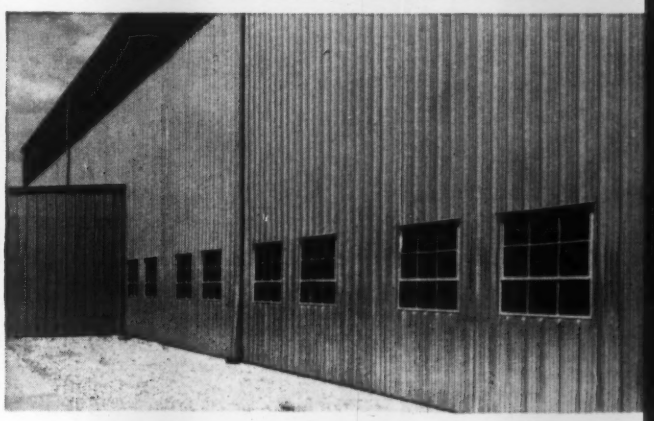
Other types of tax shelter dividends are treated in other ways. For example, the United Corp. advised its stockholders that none of the dividends paid in 1958 should be reported as ordinary dividends subject to Federal income tax. Each dividend, the shareholders were told, should be treated as a return of capital, reducing the tax base of United stock by the amount of the dividend received.

The reason for this investor windfall is that United still has $40 million of unrealized tax losses on its books. If in any year enough of these losses are turned into actualities to





Spacious, clear-span interiors



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This new factory makes Butler factory buildings an even better buy

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And, thanks to the streamlined efficiency of this new factory with its high-speed roll-forming equipment, Butler offers this new, superior cover as standard material on Butler buildings—at no increase in price.

This new Butler factory is also a good example of the design latitude the Butler system of building permits. Butler engineers developed the work flow pattern first. Then, with standard Butler components, they designed the building to enclose the flow pattern.

Butler Low-Profile (LRF) rigid frames form the structural system. These frames span areas up to 120 feet, yet have a low, modern 1-in-12 roof pitch. Butlerib walls and roof form a cover that gives maximum protection, yet requires only a minimum of maintenance.

If you're planning industrial construction, get the full story on the Butler system of building today. It's the pre-engineered system of building that saves you time and money, but doesn't limit plant design. And, with new Butlerib panels, it's an even better way to build . . . still the lowest-cost way to build well.

For full details, contact your Butler Builder. Ask him about Butler financing, too. He's listed in the Yellow Pages under "Buildings" or "Steel Buildings." Or write direct.

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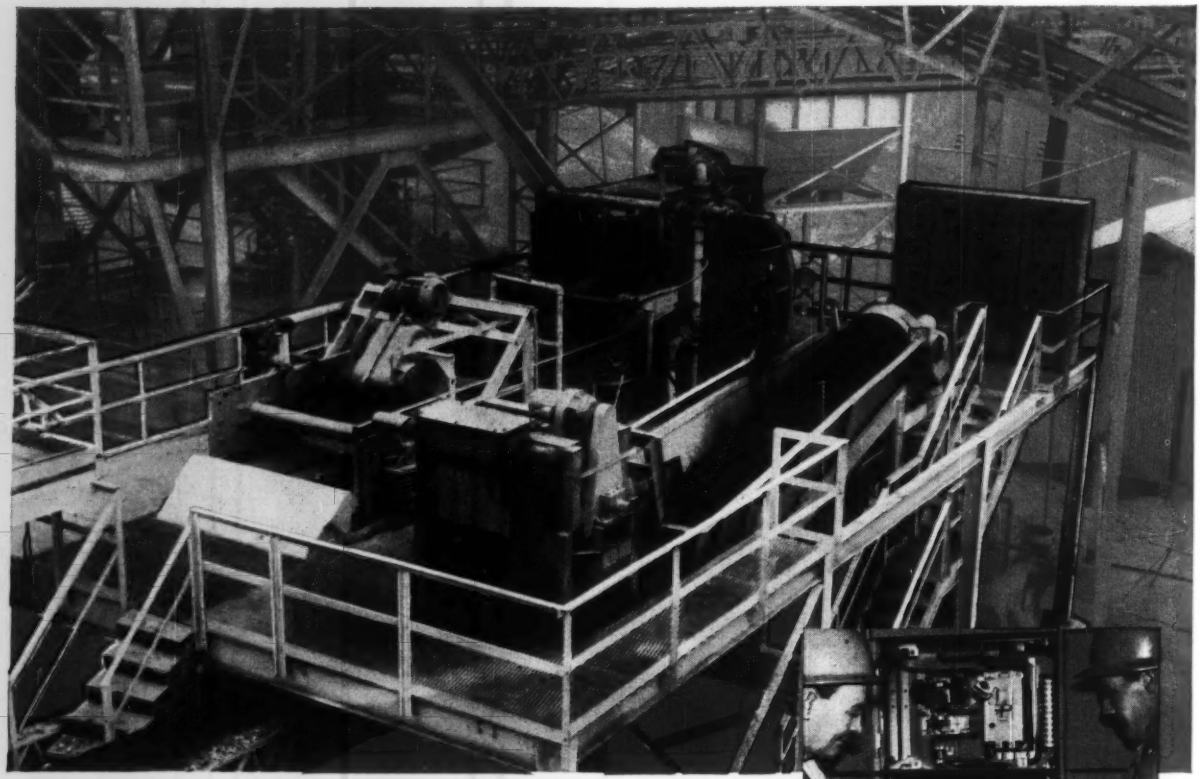

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To assure maximum flexibility and trouble-free performance of the electric motor driven equipment under all operating conditions, WEMCO Mobil-Mills are equipped with Cutler-Hammer Unitrol as standard original equipment. This compact control center cuts job-site wiring time and costs. Modular construction permits rapid alterations of the control units to keep pace with changing mill requirements. And vertical *dust-safe* contacts, indestructable molded magnet coils, and optional full three-phase 3 coil overload protection are typical plus features of Unitrol which guarantee unsurpassed performance and dependability.

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offset its gains and income, the tax saving can be realized.

A third situation can be found in cases where a current tax provision affecting accelerated depreciation of fixed assets exists. This is the case with utilities such as Niagara Mohawk Power Corp., Syracuse, N.Y., and Union Electric Company, St. Louis, Mo. That portion of their dividends which exceeds earnings reported to the Internal Revenue Service, as opposed to earnings reported to stockholders, is considered a return of capital.

At least 60 companies, excluding regulated investment concerns, paid tax-free dividends in 1958. Lists of these companies are available from investment services, banks, and brokers, and should be of interest to anyone in the high tax brackets.

Time Is the Essence

It is curious how frequently people boast about the percentage gains made by various fortunate investments without relating them to the time involved. After all, money compounded at 6 per cent doubles itself in twelve years, taxes excluded. The statement that someone has doubled his money doesn't mean much unless we know how long it took to do it. It is important, too, in appraising such results to consider the economic climate of the period involved. It is one thing to increase capital when the tide is out and quite another when the tide is in.

Figures can lie

From $250,000 to a couple of million dollars, or an almost tenfold increase in a little over 35 years, sounds like a killing. Actually, it is very close to 6 per cent compounded for the period. And there are many reasons for the exceptional results.

There is the question of hindsight, to say nothing of the intestinal fortitude required to stick with a stock through thick and thin.

For instance, we have all seen the headlines telling how $10,000 invested in General Motors in 1908 returned more than $11 million in dividends and market improvement by 1959. But in 1908 there were about 200 automobile companies fighting for survival. No one could predict the future of the industry, much less the future of the smallest company.

There are countless examples of stocks that have lain dormant for

1 **Staple special cartons** and corrugated fillers far faster with powerful DUO-FAST Air Pliers. Portable. You save time by taking tool to the work, instead of moving work to a big stationary stitcher!

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Shown here are 3 of the ways DUO-FAST automatic stapling can reduce costs for you. There are many more.

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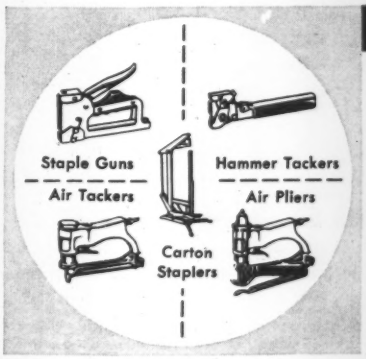

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A Lamson Communications Survey will bring home to you the benefits of the fast, even, *reliable* movement of paper that comes from mechanized paper flow. Production moves! Central files and stenographic pools function more efficiently. And you *make customers happy* because processing their orders takes so much less time.

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is a new sound-film in color which outlines the complete story of present day communication's cost. It tells how these costs can be reduced and shows what steps should be taken. It can be seen by you and every member of your management. Let us tell you about this picture. Write for full information today.

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years and then enjoyed an unusual advance in two or three years. It is all too easy to confuse the greater gain of the three years with the normal rate. That's why, to be understood, statements about percentage gains must be weighed against all the facts.

The Dogma of "Supervision"

Advertisements selling financial advice often stress "continuous supervision." Too often, the skeptical reader regards this as just part of the sales talk. Actually, proper supervision is one of the most essential elements in the most conservative investment success stories.

This was shown a short time ago when some changes in the Dow Jones Industrial Average were announced. Four stocks were deleted, and four new issues substituted. Among them were National Steel, which was taken off the list, and Aluminum Company of America, which was substituted. This was the first appearance of the aluminum industry in the Average. The steel industry, of course, is still represented by U.S. Steel and Bethlehem. Likewise, the glass industry was brought into the Average for the first time with the inclusion of Owens-Illinois Glass, which replaced National Distillers & Chemical.

Without "supervision," the Average quite certainly would be far lower than it is today. The original Average included companies such as Distilling & Cattle Feeding, which do not exist today. In 1928, the Industrial Average expanded to 30. Half of that original list has already been replaced by new stock. Some stock, like American Tobacco, went off and came on again.

Of course, the Dow Jones people are as fallible as the rest of us. In 1932 they added International Business Machines, but in 1939 they removed it in favor of American Telephone & Telegraph. This move has kept the Average on the lower side because IBM stock has doubled about every five years since.

It should be clear that if the Dow Jones Average needs supervision, so does every investment list. Nobody can prosper owning horse-and-buggy stocks in the jet age. END

NOTE: "Focus on Finance" is a bi-monthly feature. Mr. Loeb's next column will appear in the December issue of DUN'S REVIEW.

How the Bruning Man Can Help You Solve the Puzzle of the Many Paperwork Machines

The Bruning Man steps in where others are reluctant to tread to help you solve the problem of the many paperwork machines — now over one hundred *different* copying and duplicating machines on the market!

Paperwork expert as well as salesman, he will help you select the types of machines that exactly meet your paperwork requirements. You'll find him the first to admit that his complete line of Copyflex copying machines and Verifax machines do not meet all needs. Where they do apply to your business systems and general copying needs, he will give you evidence of their success in similar applications.

Why this help from the Bruning Man? Simply because he represents a company that pioneered business copying machines and has continued to enjoy success in the field with the belief that service to its market is the most effective selling method. The Bruning Man is located in principal U.S. Cities. In Canada: 103 Church Street, Toronto. Home Office: Charles Bruning Company, Inc., Mt. Prospect, Illinois.

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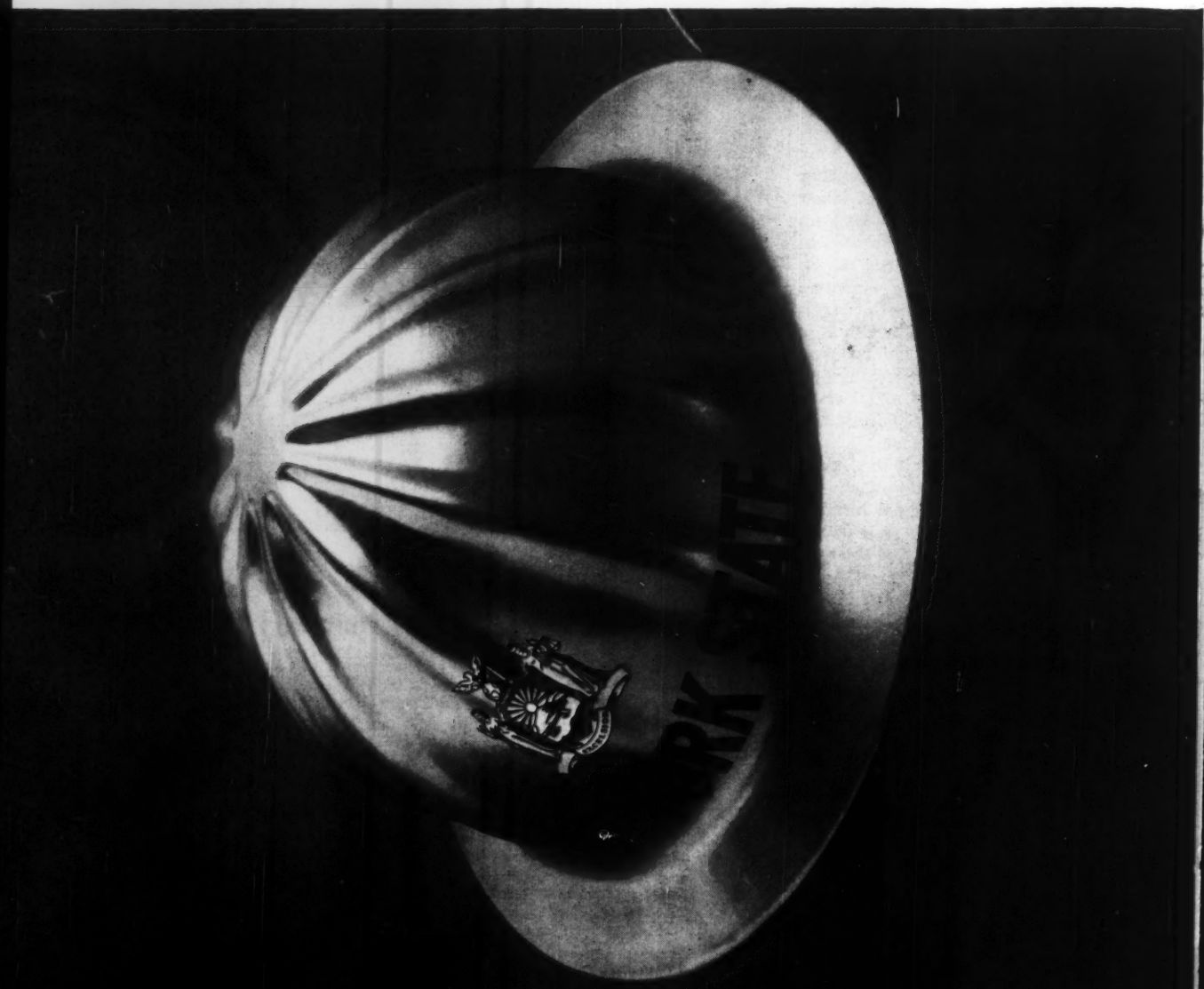
Focal point of this new spirit is the capital city of Albany. The city is alive with "doers." Successful business and professional men who gave up positions of responsibility to help Governor Nelson Rockefeller make New York State an even better area for companies to locate and grow... an even more rewarding place to live and work.

You'll see and feel the work of the hard-hat "doers" in many ways. In the interest in streamlining the administration of laws affecting business... in the new survey of New York's business climate... in the new study of taxation... in new approaches to plant financing and in many other new developments.

If you agree that your company could grow and prosper in this hard-hat businessman's climate, get in touch with the Commissioner of Commerce, Keith S. McHugh. He will send you, free, confidential, up-to-date reports on sites, labor, transportation, markets, raw materials, water. Write Keith S. McHugh, New York State Department of Commerce, Room 153, 112 State Street, Albany, N. Y., or phone ALbany 5-7521.



GET UP TO DATE ON NEW YORK STATE
where they're talking the businessman's language

Managing Your Manpower

LAWRENCE STESSIN

- *Neat, energetic, non-neurotic, and on-the-ball—that's how his Girl Friday describes today's executive.*
- *A new survey turns up evidence of marked improvement in the boss' office behavior.*
- *The secretary's No. 1 gripe: "He never praises me for doing a good job."*

THE PHILOSOPHER who said "No man is a hero to his valet," probably never had a secretary. For to a goodly percentage of the nation's Girl Fridays their executive bosses are tops when it comes to good office manners, work habits, and personal relations.

The bosses' winning ways were recorded by the Office Executives Association of New York in a survey of several thousand office handmaidens conducted at the request of DUN'S REVIEW. This sound-off on bosses reveals that executives have changed for the better in recent years, and many of the standard secretarial gripes have diminished or disappeared.

For example, that hardy perennial complaint—dictating at five minutes to five—has so dwindled that only 10 per cent of the girls mention it. Most secretaries attribute this improvement to better planning on the part of the head man. But there are a few who, while acknowledging a turn for the better in that direction, impute other motives. One respondent sums up the comments of several others with: "My boss stopped dictating at five to five since he moved to the suburbs. He doesn't want to miss his train."

Goodbye to overtime?

Another malpractice which has gone the way of the celluloid collar is overtime. Ninety-four per cent of the secretaries say that their bosses plan so well these days that it is "most rare" for them to be asked to stay after hours to finish a job.

The executive has improved in still another direction—an important one. He has grown more articulate in his written communications, knows what he wants to say, and says it without changing his mind later. This step forward in managerial traits is noted by an overwhelming number of secretaries, who admit (and with enthusiasm) that their bosses no longer make frequent changes in letters or reports after they have been typed.

It's been said many times and in many places that the pace of modern business is such that the executive becomes nervous, neurotic, and easily annoyed. If this is so, it's news to the woman who should know—his secretary. Only 9 per cent of those surveyed feel that their bosses betray irritability fomented by work pressures, and only about 8 per cent have ever run into executive temper tantrums.

To most of the women, the men who have made the grade are pretty calm characters, going about their business with ease and, in many cases, a sense of humor. In fact, one out of four says her boss indulges in friendly teasing, and 80 per cent of the girls like that kind of personal rapport, although 5 per cent would rather have their superiors retain a serious, arms-length demeanor.

The girls like it, too, when the boss asks them to run personal errands for him. And when the executive occasionally sits back and talks about his personal life or problems, the Girl Fridays are willing listeners. Only 6 per cent would rather he didn't.

Low marks for women bosses

Women executives don't come off too well in the survey. A majority of the secretaries whose lot it is to work for female executives find that the office manners of the higher-ups on the distaff side are worse than men's. One thoughtful girl sums it up this way:

"I find that a woman executive often has a chip on her shoulder. She feels that she has made the grade in a man's world and in order to stay there she must be tougher and more aggressive. For that reason, she is less considerate of those who work for her. On the other hand, maybe I'm just jealous. I often say to myself, 'What does she have that I don't have, or who does she know?' "

To judge from the opinions of secretaries, American executives are an energetic lot. More than 60 per cent are described as having plenty of pep and vim, and only 8 per cent are labelled as "lazy," "picayune," or just "no good."

The executive's sartorial splendor, or lack of it, comes in for secretary scrutiny in the OENY attitude survey. Apparently, bosses are a well-dressed group. Only a tiny 3 per cent of the

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men are found guilty of making a "sloppy appearance." Interestingly enough, the executives who show up looking like unmade beds don't go unnoticed by these office helpmates. Fully 85 per cent of the secretaries find it "annoying" and feel that it lowers their own status in the office to be assigned to an unkempt boss.

By the same token, women agree that if the boss is disturbed over his secretary's taste in cosmetics or dress he has a right, a prerogative—indeed, a duty—to bring it up. Only a few say they work for men who are quick to criticize pearl fingernail polish or blousy getups. The others, it seems, just suffer in silence.

But although most bosses come off well in the eyes of their secretaries, perfection is still a light year or two away. The Girl Fridays' complaints make up in intensity for what they lack in number.

No. 1 on the list is the overworked plaint, "He fails to give praise for a job well done." Seven out of ten girls put that down as the job's most characteristic frustration.

"It would be good to hear a word of praise or a compliment now and then instead of being taken for granted.

"I'm not a fixture or a machine. If I do something good, I want to hear about it. My boss always complains that no one ever praises him for his work, and I feel like saying 'How about you, mister?' "

The No. 2 complaint has to do with

Labor Relations Spotlight

The Unionized Wage Earner: Does collective bargaining win higher wages for workers? Unions say "yes," although there are many economists who argue that the wage level is determined by other inflationary pressures—as witness the rising pay scales of domestics, a wholly unorganized group. In support of its thesis, the research department of the AFL-CIO has made an elaborate study of pay rates in union and non-union plants. Concludes the union:

"1. Wages in union plants are consistently higher than in non-union plants in the same industry. In more than 1,000 union vs. non-union comparisons where the occupations, the industry, and the geographic region were the same, the average wage on the union job was higher in almost 80 per cent of the instances.

"2. On the average, the worker in the union job receives about 8 per cent more than the comparable worker in the non-union job."

Concludes the AFL-CIO report:

"This study does demonstrate that the wage advantage on union jobs as against non-union jobs is so widespread, persistent, and sizeable that there can be no doubt that the fact of unionization in itself results in higher wages."

A copy of this report can be obtained by writing to: "Collective Bargaining Report," AFL-CIO Building, Washington, D.C.

The Collective Trend: Multiple bargaining, where employers band together and present a united front in negotiations, is a growing practice. Now, unions are beginning to do the same. Next spring, for the first time, the aircraft and missile industry will be faced by a joint bargaining committee of two powerful unions—the International Association of Machinists and the United Automobile, Aircraft and Agricultural Implement Workers of America. In the past, each union bargained separately and each jockeyed for a better settlement. Some 500,000 workers are covered by their contracts.

Defrosting Cold War: The visit of Soviet Premier Nikita Khrushchev to the United States touched off a flurry of union demands for severance pay clauses. The reasoning was that the defrosting of the cold war might bring cancellations of defense contracts and subsequent layoffs. The clauses called for one week's pay for every half year's service. Many industries, like steel, have severance clauses which become operative only when a job is eliminated as a result of technological developments.

TAX AUTHORITIES AGREE TO SLASH OF TWO-THIRDS ON TAXABLE VALUE OF NOTE

A ten year, promissory note held by a taxpayer was valued for tax purposes by the authorities at its face value of $49,240. The taxpayer held that the current marketable condition should be established and used as a tax basis. He retained Marshall and Stevens, qualified appraisal experts, to make this determination. The result was an appraisal of said current marketable value at the sum of $15,800. Subsequently, the tax authorities agreed to this latter valuation. The tax saving amounted to approximately $15,000 for the individual.*

APPRAISAL FOR SPECIFIC PURPOSES

The above is but one of the many applications in which Marshall and Stevens experts are qualified to analyze your particular valuation problems and prepare for the following purposes: fair market value, fair rental value, mergers, purchase and sales surveys, refinancing, insurance, proof of loss, property ledger tie-in, tax accounting, tax assessment; income, inheritance, gift and catastrophe damage tax claims.

Find out about types of appraisals you may need and how they are arranged from the informative booklet "Purposes of Appraisals" which is yours for the asking. Write Marshall and Stevens, 420 Lexington Ave., Dept. 288, New York 17, New York.

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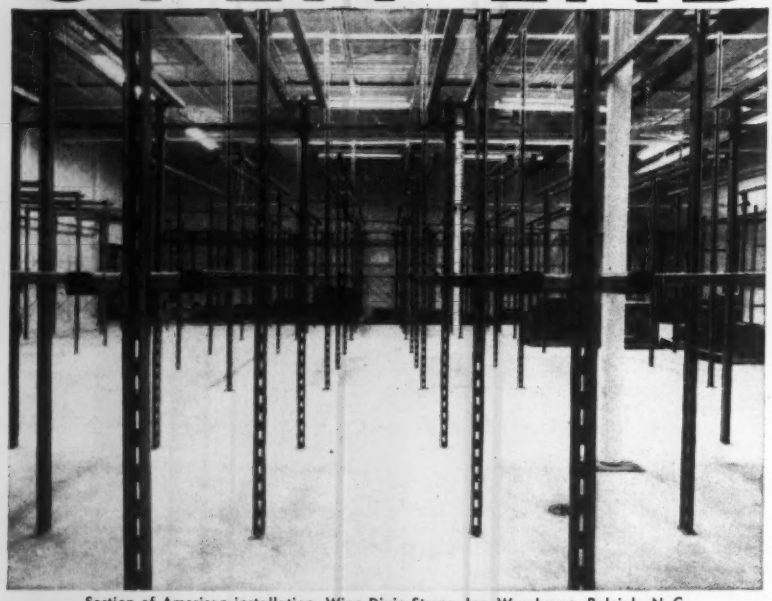
*Actual case history on file.

American OPEN-END



Section of American installation, Winn-Dixie Stores, Inc. Warehouse, Raleigh, N. C.

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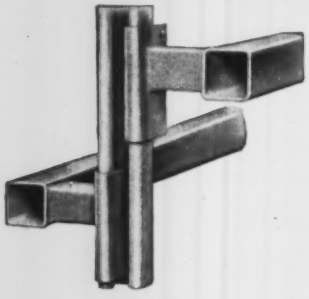
...the racks that have what it takes to cut labor costs and give you more storage space for your dollar!



Sturdy, load-carrying stringers are made of rugged square tubing from one end of a row to the other. They raise and lower like a window, on 4" centers.

American "Drive-Thru" racks are open at both ends for trucks to travel all the way through, assuring fast, efficient, first-in, first-out load handling . . . American "Drive-In" racks can be used against walls for maximum space-saving, or can be spaced away from walls so trucks can enter from either end . . . American trigger-quick, slide-n-lock stringers make adjustability a simple matter. Get the full story about these rugged storage racks that make non-productive aisle space productive storage space. Write for facts today.

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verbal communications. One out of four bosses mumbles when he dictates or gives orders.

"I think many bosses assume that their secretaries can read their minds, and that's why they pay so little attention to articulation."

"My boss' mind is faster than his tongue. He gets to thinking about something, and he then just jabbers away."

The third most frequent bad habit among executives is their penchant for interrupting their secretaries while the girls are on the phone. This grievance does not relate to personal calls (which don't seem to crop up as a problem). But when Miss Jones is handling a business matter on the phone, the boss (and two out of three are guilty) thinks nothing of barging into the conversation with some other business.

Advice to management

Secretaries, privy as they are to the intimacies of business life, are not above giving executives some advice on inter-management relationships. Some random comments:

"I wish there were some way to hint to officials aspiring to higher administrative positions that they should be less ruthless to one another in jockeying into position. Or do we charge this up to 'human nature being what it is. . .' ?"

"Bosses should give dignity to their jobs. My boss lets others take advantage of him. For example, he does things that others should be doing like carrying large objects, moving furniture around. How can others respect him if he doesn't command that respect?"

"My boss suffers from self-centeredness or a desire to prove that he is THE BOSS."

"Too little attention is paid to the 'little people' in the offices, the ones who do most of the hard work and detail. I mean the clerks, the assistants, and the office girls."

"My boss has the annoying habit of lingering around my desk and picking up all the papers on it. He keeps employees, visitors, and me waiting unnecessarily by continuing with some other work after he has called them into his office."

"My boss doesn't stick to policy, and he is always getting himself in hot water. I told him that policy is made to be followed. If you don't

continued on page 103

A MESSAGE FOR MEN IN MANAGEMENT

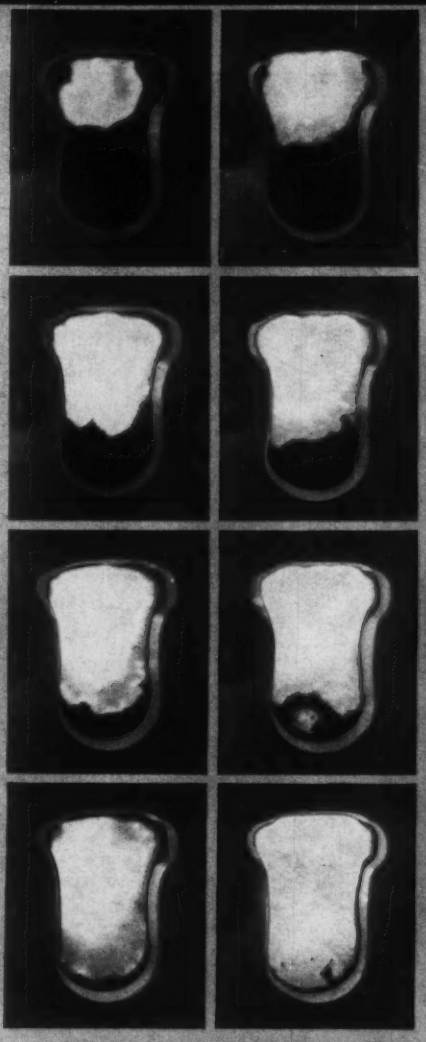
Ever wonder what an engine knock looks like?

Standard Oil research men put a picture window in a test engine. Through this window they watch the engine perform. They induce, in the engine, conditions that cause knock just to learn how such conditions can be eliminated. Ultra high speed motion pictures taken through the window are examined, frame by frame, the way a football coach studies last Saturday's game. Dozens of fuels of varying composition are tested to find which one is best.

This is one of hundreds of projects Standard Oil researchers are working on. Every one of the projects has the same objective: find ways to make Standard gasolines better.

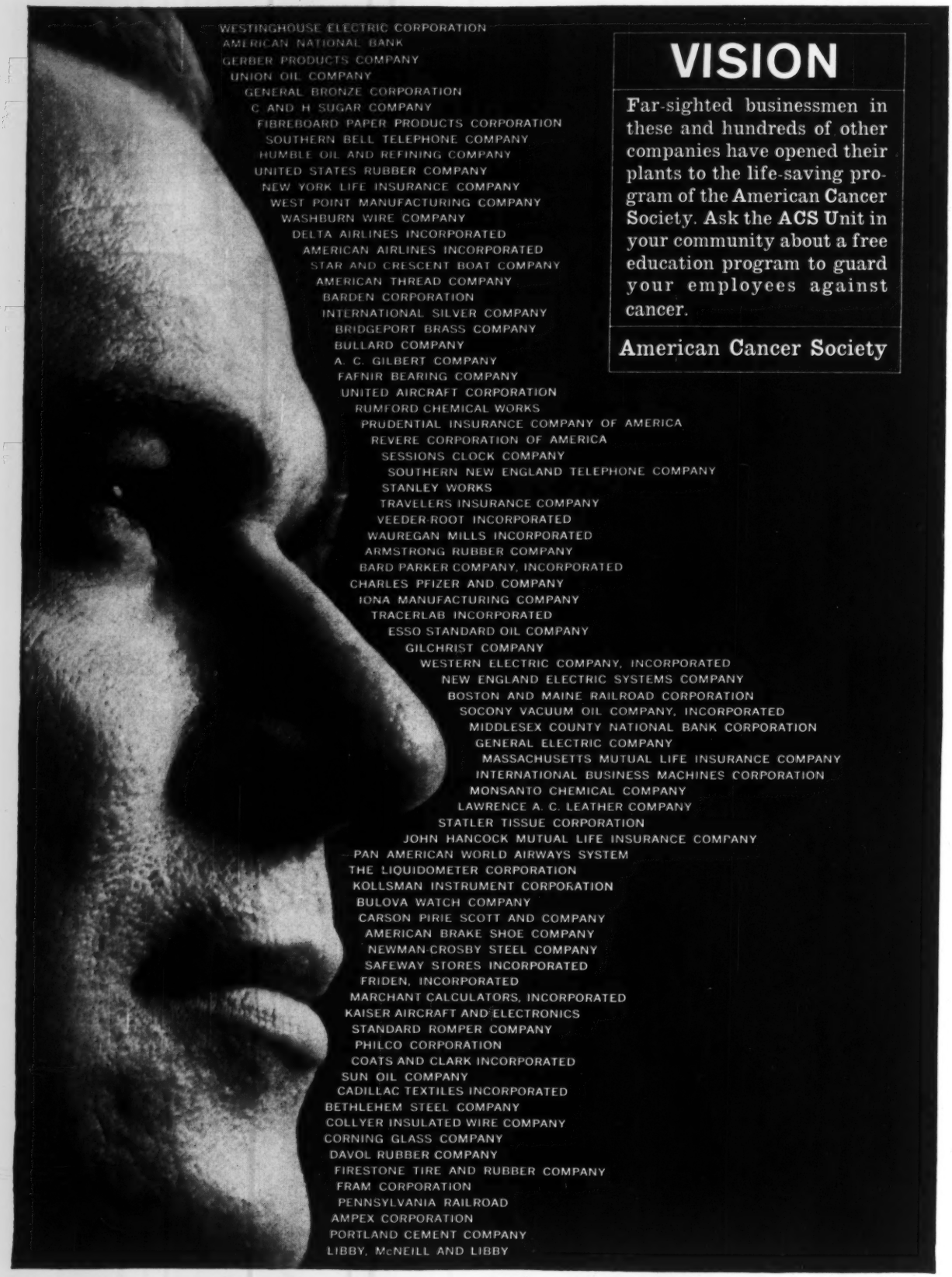
If your company operates an automotive fleet—trucks, buses, construction equipment, salesmen's and executives' cars—learn more about the work Standard is doing to help you get better performance from your equipment at lower cost. Inquire of the automotive specialist in any Standard Oil office in the 15 Midwest or Rocky Mountain states. Or write **Standard Oil Company (Indiana), 910 South Michigan Avenue, Chicago 80, Illinois.**

You expect more from **STANDARD** *and you get it!*



Pictures of a knock. Left series (top to bottom) is normal. Spark from plug ignites fuel, piston completes normal cycle. Right series shows knocking combustion. The last portion of the fuel mixture is ignited prematurely (frame 3) because of low octane quality. Fuel is consumed before piston reaches correct position in stroke. At this point, knock occurs, fuel is wasted and power lost.

Through quartz window in cylinder head, engineers observe engine operation reflected in mirror above as safety measure.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like it, try to get it changed. But don't try to do it on your own."

And one final lament:

"My boss—he's only human."

Public Relations—Union Style

The McClellan Committee hearings have made unions highly public relations conscious. For instance, during its convention in Cleveland, the Communications Workers of America invited the public to sit in on sessions and witness the democratic character of the organization. A telephone hookup from the convention platform to the floor enabled delegates to participate and insured free debate. A favorite trick of unscrupulous unions is to arrange for the floor mike to go dead when an opposition representative demands the floor. The communications union also set up a booth in the rear of the convention floor where delegates, unfamiliar with parliamentary procedure, could get briefings on how to put their views before the officers.

The Great Delay

The biggest bottleneck in labor relations continues to be the cumbersome machinery of the National Labor Relations Board. It's commonplace for cases to remain on their dockets for two or three years before staff men get around to the rulings. NLRB officers, themselves anxious to break this bureaucratic stretchout, have appointed a special committee to revamp the board's rules, regulations, and procedures. The committee will include not only NLRB officials but a cadre of outside attorneys who have had long experience with board practices.

Lots of Litigation

Under the Taft-Hartley Law, employers won the right to sue unions in Federal courts. To meet this threat, many unions have set up special reserve funds. One union, the United Mine Workers of America, has been so hard hit by litigation that it has decreed a special assessment to fight "the recent flood of litigation." Each UMW member must ante up $20 to help his union pay for "attorney's fees, court costs, payment of judgments, and settlements of lawsuits."

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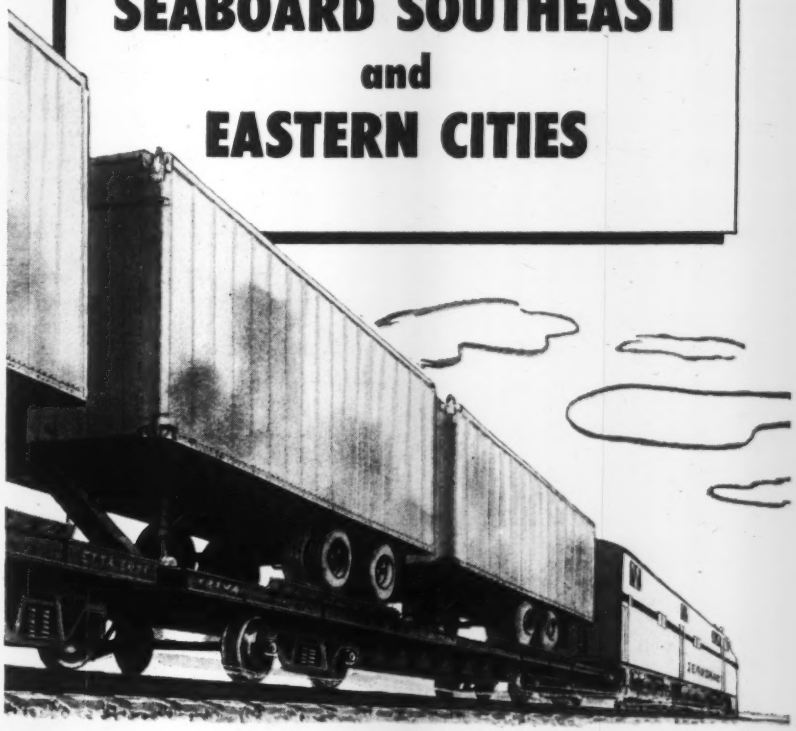

Beginning November 1, Seaboard will bring to shippers and receivers in the Southeast *through* trailer-on-flatcar service to Baltimore, Philadelphia and New York.

Initially, this new service will be provided in Atlanta, Birmingham, Charlotte, Savannah, Jacksonville, Orlando, Tampa and Miami. Plans call for adding other Seaboard cities as soon as suitable arrangements can be made.

Your nearest Seaboard representative will be glad to give you complete information and keep you posted on changes. Let him tell you now how this new up-to-the-minute service can benefit your transportation program.

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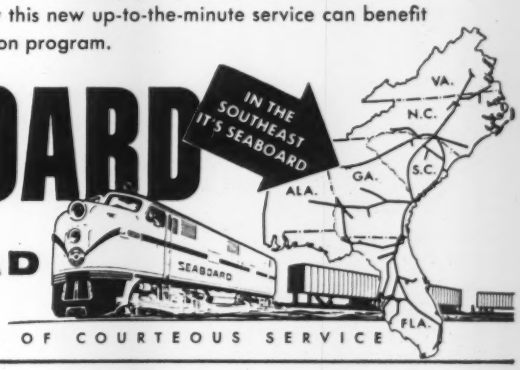

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Wherever you want to give a product extra sell—*this is the place for quality Nickel-Chrome Plating.*

See how auto makers use it to build beautiful durability into brightwork. The diamond-like sparkle of quality Nickel-Chrome Plating is more than a match for salt air, moisture, grit, exhaust fumes.

In fact, look at the hundreds of products that go to market with more sales appeal because of the extra value built in by Nickel-Chrome Plating.

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Then take a hard look at your own product, to see ways in which this quality finish can improve your market position. You'll find specific jumping-off points for your thoughts in the booklet, "Practical Answers to 40 Practical Questions about Nickel Plating." For your copy, write The International Nickel Company, Inc., New York 5, N. Y., Dept. H-17.

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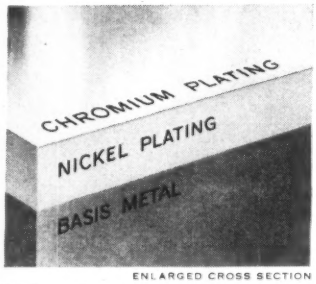

ENLARGED CROSS SECTION

Nickel-Chrome Plating over steel, copper, aluminum, zinc die castings or other basis metals—that's how a high quality finish is built up. Good, thick Nickel plating protects the basis metal from corrosion, keeps brightwork bright. ©1959, T. I. N. Co., Inc.

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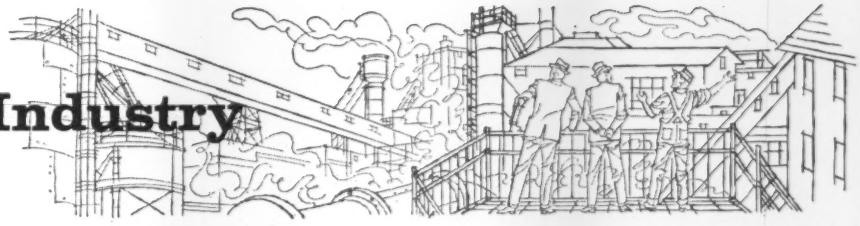
Inside Industry



- *Absolute zero: A new industrial frontier.*
- *New process expands market for urethane foam.*

New Uses for Cold

Four times during the past year, a pint-sized tanker has made the long round-trip voyage between Lake Charles, La., and London. Plowing the trade routes alongside the 100,000-ton super tankers, the 6,000-ton *Methane Pioneer* may not look like much, but it's actually making industrial history by carrying the chilliest cargo (—258°F) of any trans-Atlantic vessel. Inside its balsa-lined tanks is highly inflammable methane, liquefied at 1/600 of its volume at normal temperatures.

The success of the *Methane Pioneer* in transporting normally discarded methane to power-hungry countries overseas is only one of the many new developments in cryogenics—the science of low temperatures. The liquefaction of oxygen is the major application of cryogenics. LOX—liquid oxygen—is familiar to every space buff and science fiction fan as one of the major components in liquid fuels for missiles. But the Space Age demand for liquid oxygen (and liquid hydrogen, too) is small compared to the steel industry's growing appetite for it.

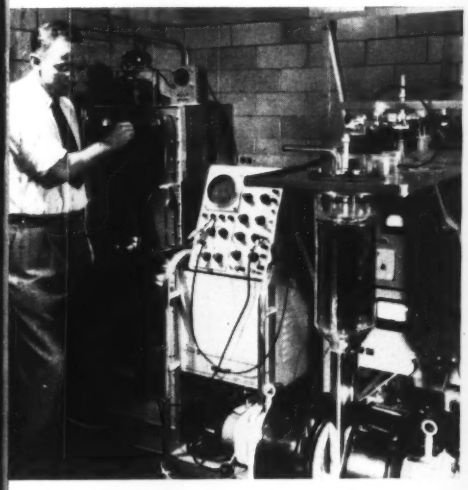
By pumping liquid oxygen into an existing blast furnace or open hearth the conversion process is speeded up, and the output greatly increased. And the steel industry is rapidly turning to the new "basic oxygen" process to which liquid oxygen is essential. Pure oxygen is also widely used for "scarfing"—removing the rough edges of steel ingots.

In another application, liquid oxygen is fed to welding and cutting torches that operate at 5,000°F. and above (see DUN'S REVIEW, June 1959, page 161). These torches, which cut rock much faster than pneumatic hammers, are vital in many construction jobs.

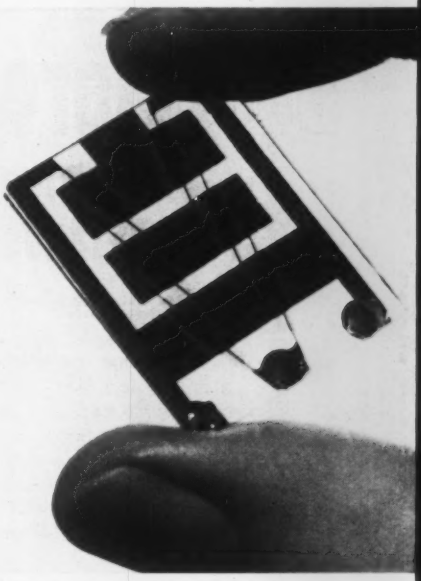
Oxygen, however, is liquefied at the comparatively warm temperature of —297°F. Now that such temperatures have become commonplace, scientists are investigating the effects of temperatures in the neighborhood of absolute zero. At liquid oxygen temperatures, steel merely becomes brittle, but in the region around absolute zero much more intriguing physical phenomena occur. The most mysterious—and perhaps the one with the greatest commercial potential—is "superconductivity," the disappearance of electrical resistance. Once a current is induced in a loop of certain materials at their superconductive temperatures, it just keeps running on and on without augmentation, apparently forever.

Another related phenomenon is "superfluidity," frictionless flow in supercooled liquid helium, discovered in 1937.

Three unusual electronic devices that work only at these extreme temperatures have already been developed. First came the cryotron (see photo), an extraordinarily fast "switch" invented in 1954. Since switching is the essence of computation, the cryo-



IT'S COLD INSIDE: *Materials can be tested to within a few degrees of absolute zero in this complex set-up at Sylvania Research Laboratories, Bayside, N.Y. This equipment, called the Collins Cryostat, has been installed in more than 100 laboratories throughout the world. (See story.)*



PRACTICAL RESULTS: *This tiny device, a cryotron, is the first to make practical use of superconductivity, the disappearance of electrical resistance in certain materials at extremely low temperatures. The phenomenon is applied in this tiny electrical switch, which could be used in high-speed computers. This cryotron was built at A. D. Little, Inc. (See story.)*

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tron appears to have great potential in giant computers, particularly now that scientists can make them in ultra-miniature size (see DUN'S REVIEW, January 1959, page 45). Some experts expect to be able to pack 2,000 cryotrons to the cubic inch. The catch is that the refrigeration apparatus would be larger than a computer.

A new competitor to the cryotron is the cryosar, a computing element made of semiconductor metals. It does not depend on superconductivity. The inventors, who are on the staff of the Lincoln Laboratory, at the Massachusetts Institute of Technology, hope to be able to pack cryosars 200,000 to the cubic inch.

Another device is the MASER, which is short for "microwave amplification by stimulated emission of radiation." This refrigerated device is expected to increase the range of many radars up to seven times.

Extreme low temperatures introduce a new element in materials selection. Most metals stand up well at —150°F, the boiling point of liquid nitrogen, which is now widely employed to refrigerate perishable foods. But new problems arise when equipment is designed to liquefy and store methane, oxygen, and hydrogen, which has an extremely low boiling point of —423°F. Although metals get stronger as the temperature drops, they also become more brittle. Nonferrous metals have less brittleness, but cheap carbon steel is next to useless. The answer is to carefully select certain chrome-nickel and high-nickel alloy steels for major structural needs.

Molded Cushions

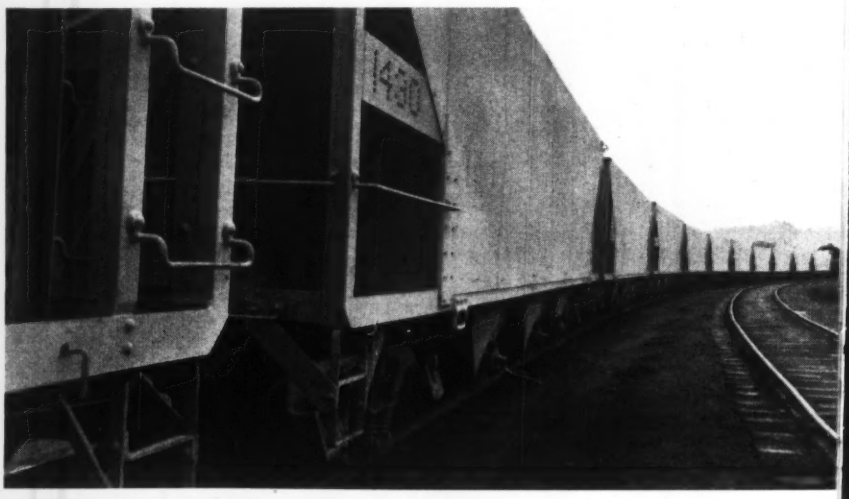
A new process for molding pieces of urethane foam to final dimensions should greatly increase the already large market for this versatile material. Sales of the polymer have been doubling every year since its commercial introduction in 1956.

Developed at the laboratories of Allied Chemical Corp., the new process is being promoted especially in the furniture industry. Cushions of urethane foam, which can be produced in any shape, will be directly competitive in price with those molded out of foam rubber. However, urethane foam has a more comfortable feel than foam rubber and is much more resistant to wear. In addition, urethane can be dry cleaned without damage.

An added advantage to manufacturers is that the process eliminates costly scrap. Auto makers are interested in the new process for producing seats, crash pads, and arm rests.

Underwater Blast

Until now explosive forming, the unusual new metalworking technique, has mainly depended on dynamite and other well-known explosives (see DUN'S REVIEW, May 1959, page 83). But if a new development at Republic Aviation Corp., Farmingdale, N.Y.,



ALUMINUM CARS ENTER USA: *These all-aluminum hopper cars, the world's first, have now been approved for service in the United States. Their 8-ton weight advantage over comparable steel cars means that locomotives can pull more cars. They have been used for two years to carry bauxite from Port Albert, Quebec, to Aluminium, Ltd. smelters at Arvida, Quebec.*

Report from a ski manufacturer's shipping room:

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Your shipping room may provide opportunities where Bostitch staplers can bring you more speed, lower cost and more efficiency. Have a Bostitch Economy Man show you. You'll find him listed under "Bostitch" in your phone book. Or, you can mail the coupon.

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pans out, underwater sparks will replace dangerous dynamite in split-second forming of tough metals.

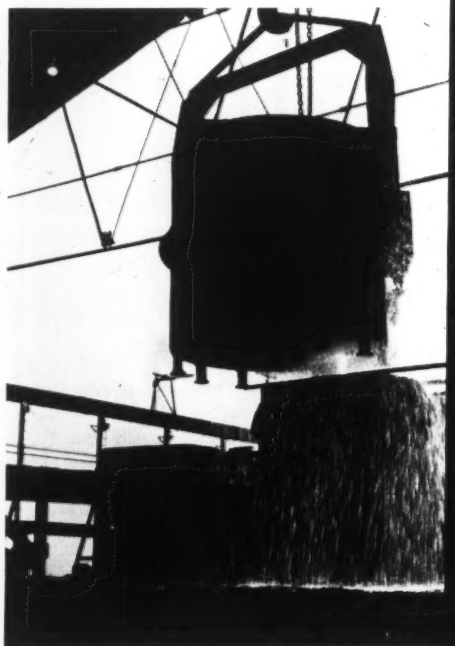
Discharging a bank of capacitors in less than 40 millionths of a second creates the spark, which in turn produces a fast-moving shock wave that actually forms the metal against a die.

Republic is trying to develop the spark system into a standard machine tool. According to Adolph Kastelowitz, director of manufacturing research, such a tool at about $50,000 could replace a conventional hydraulic press that costs ten times as much.

Nonwoven Fabrics Advance

Production of nonwoven fabrics may reach a record 125 million pounds this year, according to the American Chemical Society. The previous high was 110 million pounds in 1957. Ten years ago, annual production was less than a million pounds.

Today, nonwovens are going into shoes, suits and dresses (mainly as interlining), handbags, and disposable and semidurable clothing for laboratory and industrial use. Technology is making nonwoven fabrics more durable all the time. —M.M.



DIVERSIFICATION: *The steel strike has stimulated a new diversification measure at R. G. LeTourneau, Inc., Longview, Tex. The products of the company's steel mill, until now consumed internally, will be offered on the open market.*

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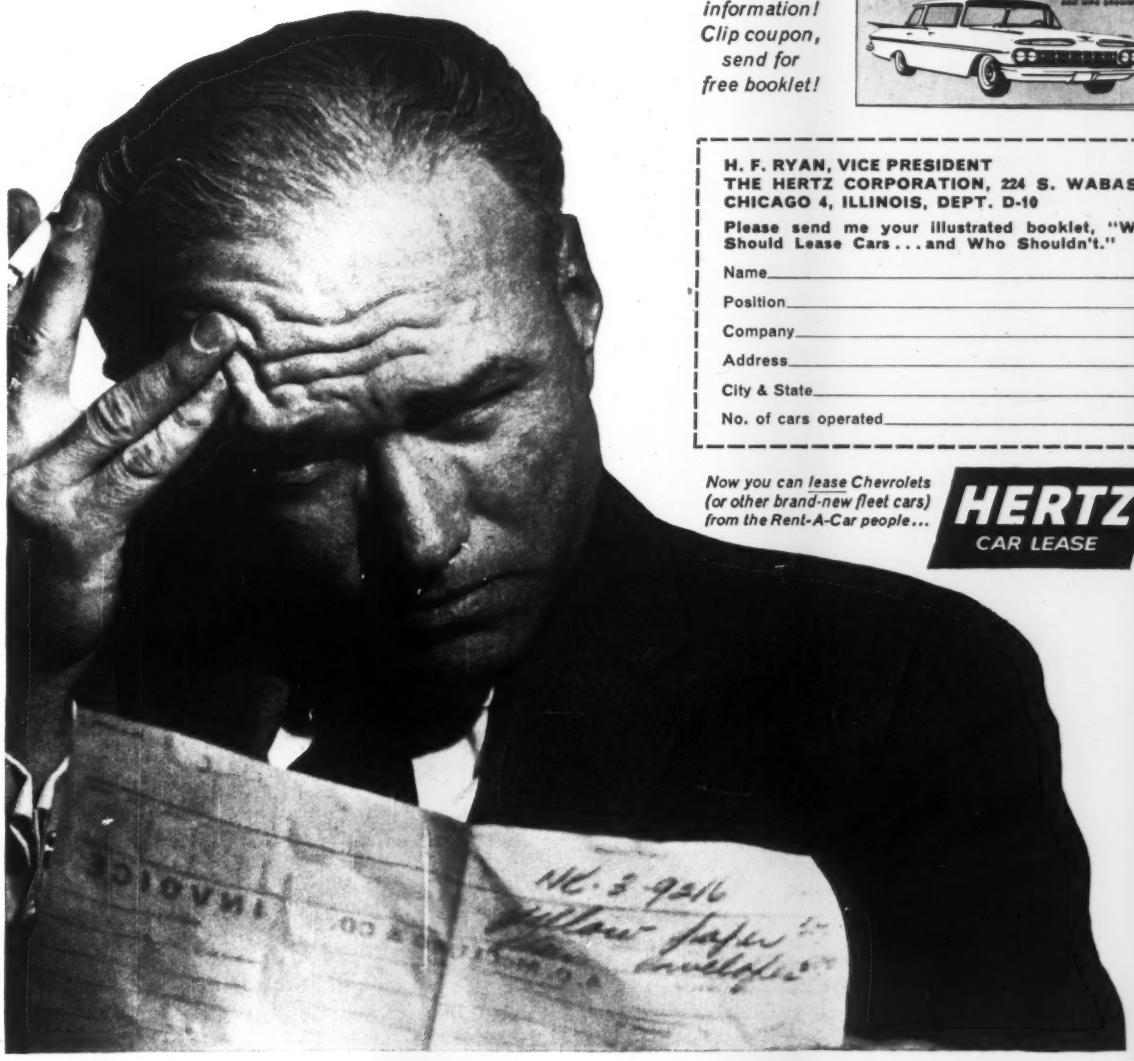

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International Markets

ALEXANDER O. STANLEY

- *Modest gains in U.S. exports during June and July raise hopes that the downtrend has halted.*
- *More U.S. industries feel the pinch as imports continue to set new record highs.*
- *The Government has set up a new Agency Index Service to help exporters find overseas customers.*
- *More world markets reduce trade restrictions and ease discrimination against dollar imports.*

U.S. Exports Gain Slightly

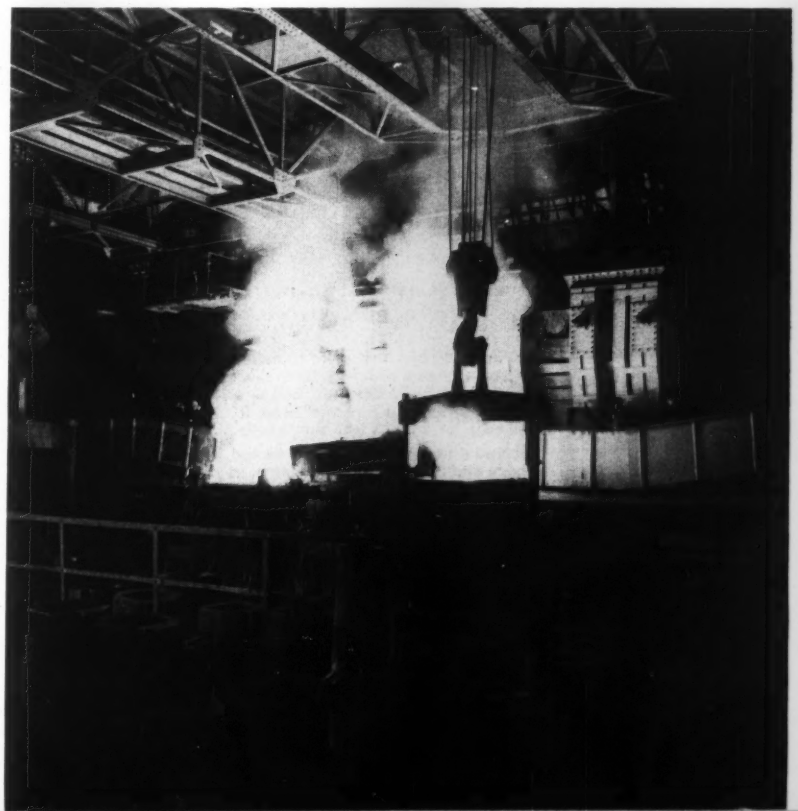
After eighteen months of retreat, U.S. exports showed a modest recovery in June and July. Outbound shipments were up $18 million and $50 million respectively over last year's June and July totals, bringing the seven-month total of commercial exports to $9.105 billion. In some quarters, this is considered a signal that the export slump has ended, but it is admitted freely that recovering even to the depressed levels of 1958—a matter of some one-half billion dollars in additional exports—will not be an easy job.

Meanwhile, world exports of our two principal competitors, the United Kingdom and West Germany, are hitting new highs, each averaging $800 million monthly. Although we are still outselling each of them at a ratio of slightly less than two to one, they are rapidly catching up.

Imports Set New Records

U.S. imports, climbing at a record-breaking pace, are causing more and more distress in some domestic trade channels. Imports hit $7.4 billion by mid-year 1959, exceeding year-earlier figures by $1.1 billion. Increased deliveries of automobiles and trucks and iron and steel mill products from Western Europe account for nearly one in every three dollars of the advance in imports.

This brings the fight for world markets into the home territories of



TAPPING THE HEAT: *Steel from this Berlin steel works symbolizes the economic vigor that is swelling West Germany's export volume and strengthening that country's position as one of the United States' leading competitors in world markets.*

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Detroit and Pittsburgh. How much discomfort this is causing can be sensed by looking at the statistical picture.

In the four months ended April 1959, exports of steel mill products were down almost one-third to $157 million. Imports in the same category, same period, were *up* two and one-half times to $134 million. As for automobiles, parts, and accessories, outbound shipments were $396 million, down 1.4 per cent in the first four months of 1959, while equivalent imports were *up* 60 per cent to a total of $270 million. In each case, the trade gap is shrinking rapidly.

Machinery and textiles up

Other sensitive areas in the import pattern are machinery purchases from Western Europe, Canada, and Japan, which rose substantially, as did those of textile manufactures—largely in cotton goods from Hong Kong and synthetics from Western Europe and Japan.

Other big gains were in petroleum from Latin America, rubber from Southern Asia, sawmill products from Canada, and raw wool from Latin America, Australia, and New Zealand. Meat product imports from these three areas also rose substantially.

On the downside were such basics as copper from Latin America and Canada and coffee from Latin America. The decrease in coffee imports, at least in dollar volume, was due to a nine-year low in coffee prices.

The July 1959 import totals show a 19 per cent gain over a year earlier, when goods valued at $1.049 billion were brought in. Interestingly enough, our net balance of trade at the halfway mark in 1959 was down to $500 million, compared with $2 billion in 1958. What with this and the continued drain on U.S. gold reserves, it's no wonder that a push is on in Government circles to explore every means of rebuilding our export power.

New Aid for Exporters

A current offshoot of the search for export aids is the newly devised Agency Index Service recently announced by the Bureau of Foreign Commerce, U.S. Department of Commerce. American manufacturers and exporters can now place on file with all U.S. Foreign Service Officers (FSO) the names and addresses of their

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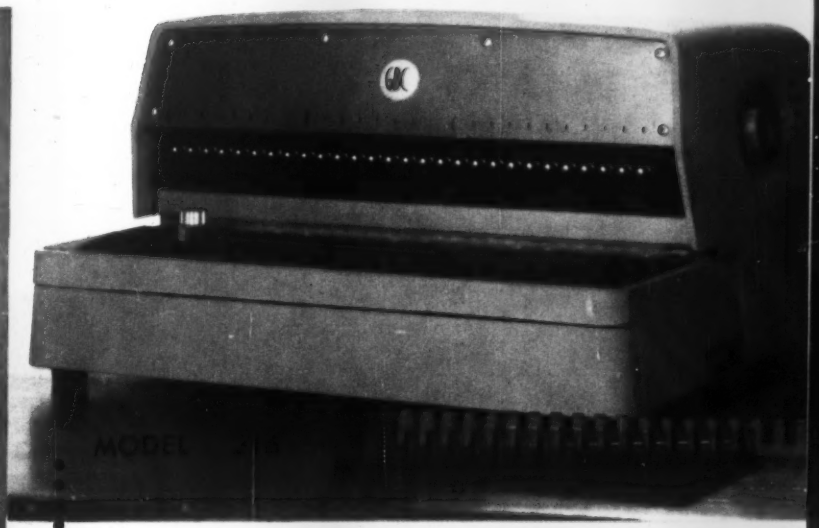

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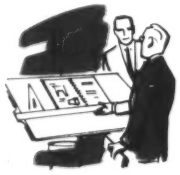

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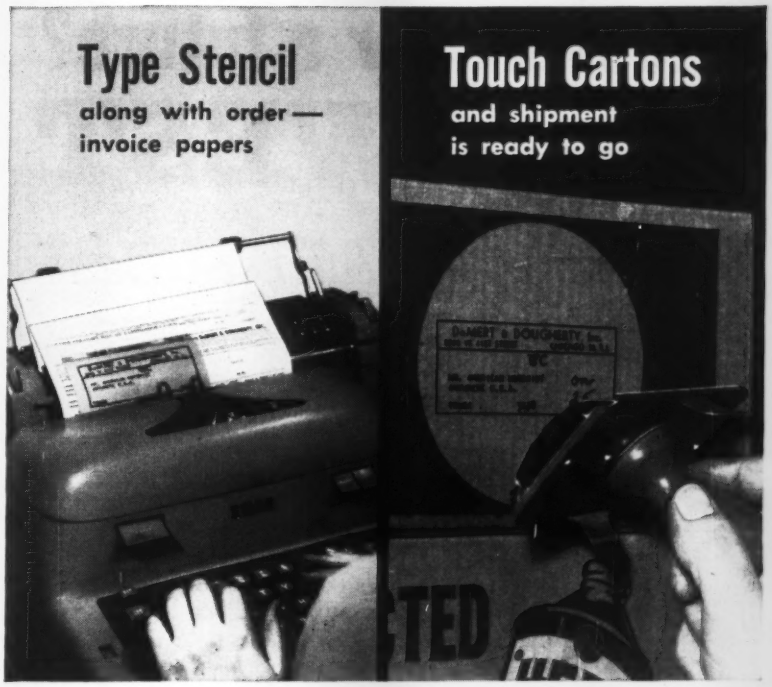
Trade Barriers Dropping

Bars to the free flow of goods in world markets are being let down in more and more countries, reflecting widespread prosperity. Here are some area trends in international trade liberalization reported in the first half of 1959:

- Most OEEC countries continued to free imports from the dollar area.
- The United Kingdom abolished import licensing of a wide range of dollar goods.
- West Germany freed additional items and advanced the schedule of planned liberalizations to conform with GATT rulings.
- The Netherlands virtually eliminated its few remaining import restrictions on dollar goods.
- Italy released a substantial number of additional goods from the restricted list and increased its dollar liberalization to 85 per cent.
- France expanded its freeing percentage to more than 60 per cent, expanded annual import quotas for some U.S. goods, and eliminated license requirements on freed commodities.
- Denmark brought its dollar liberalization up to 88 per cent and eliminated discrimination against dollar goods.
- Norway eliminated licenses on liberalized imports.
- Turkey freed from import licenses 160 categories of raw materials, machinery, and spare parts.

But Iceland and Portugal took no action to free dollar imports, and



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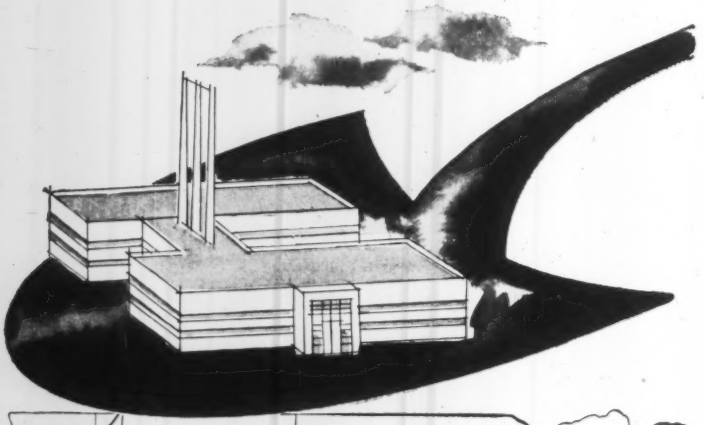

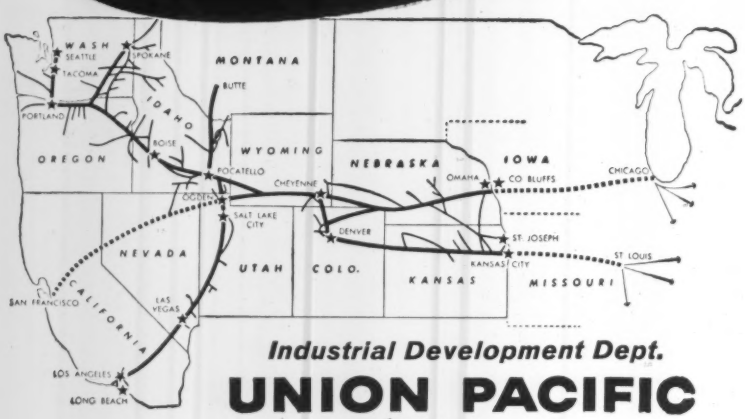

Industrial Development Dept.

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Greece increased licensing controls and quota restrictions on a wide variety of goods.

In other areas involving the British Commonwealth, the U.K. trend was reflected:

- Australia's imports, freed from licensing discrimination against the dollar area, were upped from 50 to 70 per cent.
- New Zealand boosted its allocation for private imports to $588 million for 1959 and increased quotas of some raw materials and a wide range of consumer goods.
- The Union of South Africa announced a supplemental exchange allocation for consumer goods.

In the Western Hemisphere, Jamaica, Trinidad, Barbados, British Guiana, British Honduras, and St. Lucia sweepingly liberalized dollar import controls.

But the Latin American picture was somewhat murky. Here the trend was toward more, rather than less, restriction, reflecting an uneasy economic drift.

- Argentina abolished discrimination against dollar imports but enlarged its list of commodities requiring surcharges (up to 300 per cent) and prior deposits (up to 500 per cent).
- Brazil merged its auction of European currencies with the dollar auctions, in effect eliminating the previous preferential rates on some European currencies *vis a vis* the dollar rates.
- Chile established additional taxes of up to 200 per cent on imports.
- Colombia removed some import items from the prohibited list but raised duties.
- Cuba established import licensing controls on 197 luxury and semi-luxury items.
- The Dominican Republic increased surtaxes on imports from 10 to 12 per cent.
- Mexico placed numerous categories of imports on a list requiring prior permits.
- Paraguay established an exchange surcharge of 5 per cent on the c.i.f. value of imports.
- Peru imposed additional surcharges of from 10 to 25 per cent on the c.i.f. value of imports.
- Uruguay limited its imports to the barest essentials and increased its surcharges generally.
- Venezuela prohibited government

departments or government-owned establishments from purchasing foreign goods when local goods were available priced up to 25 per cent higher.

- In Central America, moves toward more liberal trade policies were evident. Nicaragua expanded its list of essential imports. Guatemala freed most foreign imports from prohibition, licensing, and tie-in quotas.

The picture was mixed in the Middle East. Iraq's new import program does not discriminate between soft and hard currency areas as sources of imports. Syria increased its restrictions. Saudi Arabia lifted import prohibitions on cars but increased the duty on higher priced vehicles.

Freer trade in the Far East

The Far East showed a tendency toward freeing imports.

- India liberalized import allocations on industrial raw materials but cut quotas on less essential items.
- Burma removed restricted references to the dollar area from all import licenses.
- Indonesia created exclusive import rights in certain essential commodities for eight government-controlled companies and also further restricted credit that foreign exchange banks may supply to private importers.
- Japan abolished distinctions between dollars and sterling in its foreign exchange budget, so that imports may be paid for in any currency no matter where the goods originate. It also increased the number of items automatically approved for import. Finally, it raised its import budget to $2.398 billion for the first half of fiscal 1959—$300 million over the 1958 level.
- Pakistan set up three foreign exchange accounts for importers and reduced its list of importable items under open general license by 30, bringing the total down to 189.
- Thailand freed several food product imports from individual licenses.
- Vietnam reduced surcharges on purchases of dollar exchange by importers.
- Singapore and Malaya both liberalized dollar imports by adding 23 categories on which import licenses would be freely issued.

In areas of Africa not previously reported, Ghana decontrolled several import categories, including motor vehicles, and the Sudan placed most goods on open general license. END

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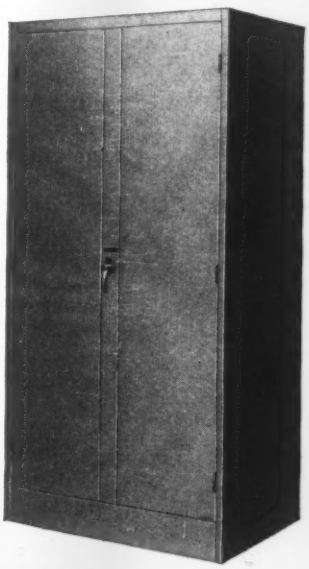

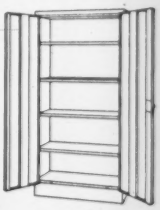

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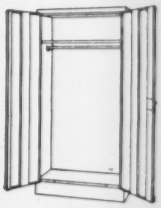

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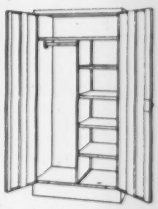

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Capital Views & Previews

The economy and the atom: a forecast
by AEC Chairman John A. McCone

PAUL WOOTEN

THE day will come—and sooner than most people think—when atomic power will "enhance industrial efficiency, mitigate toil, create new products, provide new methods of combatting disease, improve agriculture, and bring dramatic blessings to man."

So says John A. McCone, chairman of the U.S. Atomic Energy Commission. Industry's part in making his prediction a reality will be enormous and indispensible, but its rewards will be equally great, McCone believes.

"Science is penetrating industry in a revolutionary way," Chairman McCone declares. "Already industry is supplementing conventional methods of measurement and control, of gaging the flow of materials, and of testing metals. It is rapidly increasing its use of isotopes in order to improve quality and reduce the cost of the manufacturing process."

A great industrial complex is building rapidly around the atom, McCone points out. Research into peaceful uses of atomic energy is being conducted in several laboratories that are operated by the Government. In addition, the AEC has more than a thousand research contracts with universities. Altogether, more than 12,000 scientists and engineers are at work on these programs. Out of these programs, it is hoped, will come advances in genetics, high-energy physics, radiology, and radiation chemistry.

John A. McCone

Atoms for fuel

As to the prospects for the commercial use of nuclear power, McCone says the United States is making measurable day-to-day progress toward making it competitive with conventional fuels.

"The factors that control the cost of nuclear power are now known. The yardstick of realism now can be used in choosing among the large number of reactor concepts that have been developed," McCone says.

Despite the fact that atomic power is proving more expensive and more difficult to produce than once was thought, McCone believes that within the next ten years nuclear plants will be competitive in areas where conventional power is costly. Eventually, he contends, the atom will furnish a substantial percentage of all new energy sources.

"It is reckless to say that nuclear energy will replace coal and oil," McCone explains, "but, inevitably, atomic power will supplement our diminishing supplies of conventional fuel. It will be an added resource—the mainstay of industrial growth."

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Utilities must cooperate

Chairman McCone believes it is vital that the public utility companies contribute their technical knowledge and engineering resources to further the atomic power program. By harnessing nuclear energy, the utilities could have a limitless capacity to meet the steeply mounting demands for cheap, abundant power, he points out. When the rising cost of fossil fuel is projected over a 25-year period and compared with the declining cost of nuclear power in the same period, the potential advantages of atomic power become clear.

Speaking before the leaders of the electrical utility industry, McCone said: "I want the continued help of this great industry in furthering this nation's atomic power program. You must build plants and place them in operation on your power grids. Only by doing so can the compatibility of the nuclear plant and the power demands of the utility system be demonstrated. You must help with your technical knowledge, for your technical and engineering resources are vast. And, finally, you must recognize that the only solid knowledge of value to you and to your organization will come from actual experience with the building and operation of a nuclear plant."

Agriculture promises to be one of the chief beneficiaries of nuclear development, according to McCone. Techniques of irradiation are being developed to rid the soil of qualities that are injurious to plants and improve fertilizers. Irradiation may also be used as a food preservative.

Nuclear "dynamite" will one day be used to blast out harbors, cut canals, and dredge rivers, McCone believes. Mountains may be broken open to expose their mineral resources, and deposits of shale may be shattered to release their oil.

The AEC activity that is of greatest personal interest to Chairman McCone is the application of the atom in medicine. A sizable portion of AEC expenditures has been going into medical research. Twenty-five hundred doctors and scientists, supported by an equal number of technicians, are working in the biomedical field alone.

McCone believes there is reason to hope that the atom will point the way to promising new treatments for cancer. Already the isotope, cobalt

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60, is in daily use in the treatment of some forms of the disease.

Other atomic by-products are being used in treating brain tumors, thyroid disorders, and other physical ailments. Use of carbon-14, a radioactive isotope, is making possible broad studies of the life processes of animals and plants and is providing new information, which will help in the diagnosis and treatment of many diseases.

Atoms and national defense

In discussing the atomic weapons field, McCone declares:

"We have built the defense of our firesides around a new and mighty source of power which providentially came first into our hands. It continues to be the guardian of our security. We can thank the atom for our escape from the shooting war which would have started long ago if we had not had it."

Much of the nation's industrial plant is involved directly or indirectly in the nuclear weapons program. Also, four thousand scientists and engineers are working in weapons development alone.

In addition, the naval reactor program commands the exclusive attention of two large laboratories at Schenectady, N.Y., and Pittsburgh.

Of the almost $3 billion which will be available to the AEC for expenditure in the fiscal year ending June 30, 1960, 25 per cent will be used for the purchase of uranium. Twenty per cent of the money available will go for operating the plants which produce special atomic materials. Another 20 per cent will be used in physical and life science research work, including studies of the effects of radiation exposure.

Incidentally, McCone believes that radioactivity in the earth's atmosphere has not yet reached the danger level. A Federal Radiation Council recently established will coordinate information on radiation and should help to dispel exaggerated fear of fallout, McCone thinks.

"Man's ability to survive on this earth depends on his success in avoiding the destructive uses of the atom," declares the man who is responsible for the administration of this awesome power. "Harnessed, the atom can free mankind from dull, dispiriting toil and provide new means to sustain and enrich the lives of all human beings." END

To Fight Inflation, COMMUNICATE!

ROBERT NEWCOMB and MARG SAMMONS

» *In an informal but widespread educational campaign, industry is training its guns on inflation.*

» *Although the job is far from completed, thousands of employees are getting—and pondering—the message.*

WHEN inflation finally eases its grip on the throat of the American economy (assuming it ever does), some company managements will deserve a nod of public approval. Rightfully they are entitled to a share of the credit.

During the past many months, the employees of industry and business have been subjected to a barrage of persuasion unequalled since the 1940's, when they were urged to give their all for the war effort. The economic realists are inclined to feel that national survival is at stake now just as it was in those grim days.

The pressures of inflation on industry show few signs of slackening. The ceaseless push for higher wages, the consistent failure of the cost-of-living index to signal a major retreat, the scant hope for a tax cut—all these factors, in industry's mind, keep the promise of relief unfulfilled.

The battle's just begun

Business economists find some comfort in the trend toward credit curbs, the hopeful condition of the Federal budget, the hotter-than-ever competitive picture, which tends to restrain manufacturers from boosting costs. But the scales still don't balance, and industry's communications men continue to wage their war against inflation and to keep their powder both dry and accessible.

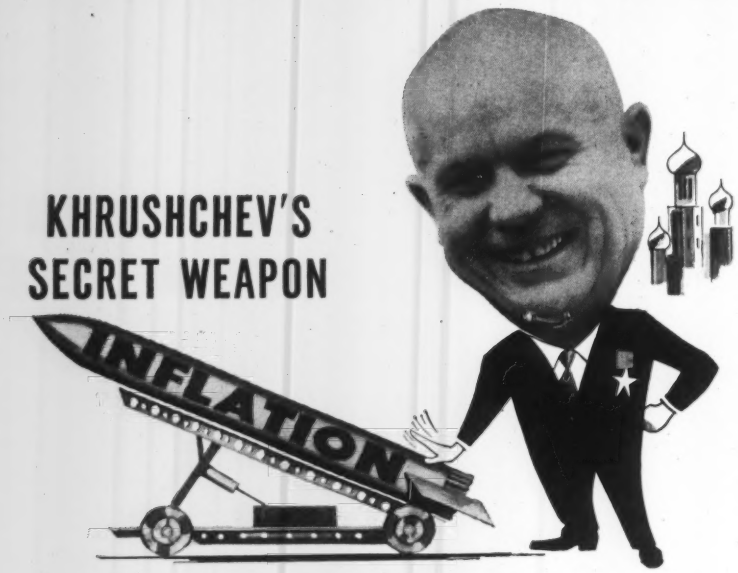
The fight to persuade people to shun inflationary practices has monopolized the time and attention of many industrial communications experts. Managements across the country have made an effort—rather a moderate effort in many cases—to bring the economic struggle to the attention of the supervisory group. They have been aided here primarily by the packaged programs conceived by the U. S. Chamber of Commerce, a series of participant lectures that enables companies without adequate professorial know-how or suitable materials to bring the cold facts of the American economy into the warmth of informal discussion.

For the job of persuading the employee group, most companies have turned to printed communications devices to tell the story of inflation and the need for a check-rein. These devices include employee magazines and newsletters sent to the home, presidential letters, and bulletin board messages.

For more than a year, there has been communication in volume. Communications personnel, aware of the grave inflation threat, have devoted columns upon columns to material designed to activate their readers against inflation.

They have preached and pleaded and cajoled. They have threatened, scolded, and flown into journalistic rages—and they have gotten through. They have contributed to what was probably the greatest deluge of mail ever to descend upon the desks of national, state, and local legislators. In becoming inflation-conscious, a vast group of American working men and their families have also become politically curious.

THE HOUSE INFLATION WRECKED: *This series of pictures ran in a DuPont employee magazine to show how inflation erodes the purchasing power of the dollar. In 1939, $6,500 would have bought a 6-room house with garage and grounds. By 1949, a $6,500 house was only half as big, and today it's hardly more than a king-size closet.*



. . . and it's Made in America

INFLATION IN AMERICA brings a broad smile of satisfaction to the Communist leaders in Moscow. In their "cold war" against America, what better weapon could they have than our own Made-In-America inflation to help them defeat us?

COMMUNIST LEADERS in Moscow told American reporters very frankly: "The threat to the United States is not in the Inter-Continental Ballistic Missile, but in the field of peaceful production." To make it clearer, Khrushchev said: "We declare war on you . . . in the peaceful field of trade. We declare war. We will win over the United States. We are relentless in this and it will prove the superiority of our (Communist) system."

THE COMMUNISTS are happy to see America weaken itself economically. For example, they are pleased because the cost of making our steel and steel products over here, is climbing up and up; we are beginning to lose customers all over the world—including our own customers here in the U. S. A. The upward climb of wages and selling prices causes inflation that hurts us, but helps the Communists. You can be sure the Communists are hoping that our fires of inflation will flame higher and higher.

AMERICAN INFLATION has been increasing in our country at a rate of about 5% per year, compounded, for more than 15 years. The value of our dollar during the past 20 years, has gone down to less than 50 cents. We have more dollars but each has less purchasing power. Inflation has brought economic collapse to many nations. Will it happen in America?

KHRUSHCHEV and his Russian Communists hope we will really whoop it up over here—higher wages for everybody, bigger and more costly benefits for all, (quit worrying about production!) and bigger price tags on all the things we buy! The Russian Reds know this brings on inflation fast . . . they hope we fall for it. Its their secret weapon.

WHAT MAKES NIKITA SMILE: *Inflation is called the Soviets' secret weapon in this message which was carried in the Armco Steel Corp.'s employee publications.*

Industry's anti-inflation fight is being waged in a number of rings. The Blaw-Knox Company in Pittsburgh, for example, is convinced the anti-inflation struggle is something that won't be won overnight. So its employee publication has been assigned to carry the main workload, although the industrial relations department is prepared to bring other communications devices into play if heavier artillery is required.

Blaw-Knox's frontal assault against inflation is scheduled to include a series of hard-hitting articles running into 1960. Some of the topics impinge on political action. In B-K's glossary, however, inflation and political action are inseparable in any bedrock discussion of economics.

Food for thought

Here are some of the themes developed by the Pittsburgh manufacturer:

"How can we stop inflation?" Employees were invited to contribute their own ideas. One shocker: "No more wage increases."

"Should all of us be politicians?" If inflation is to be halted, the article suggests, all of us had *better* be politicians.

"Do you know your local, state, and Federal elected representatives?" If the employees' answer to this is "no," the article will attempt to change it to an interested, emphatic "yes."

Other B-K topics include a discussion of inflation and its relation to job security; what capital actually is; how inflation discourages needed stockholder investment; depreciation, and what happens when the company can't tuck away inflated dollars for replacement of tools. The articles are beamed directly at B-K employees; there are no hard-to-wade-through generalities.

Is B-K's anti-inflation talk beginning to penetrate? Apparently. The industrial relations department takes a sampling each month (using the "inquiring photographer" technique). Thus far, the attitudes revealed have been heartening.

"As bankers we are vitally concerned about the value of the dollar. We are expected to know about developments which affect the value of the dollar and to be able to explain it to others." Thus, at midyear, chairman Donald F. Valley and president Harry T. Bodman of the National Bank of Detroit addressed themselves in a joint letter to bank employees at the kickoff of a multi-pronged anti-inflation campaign.

Borrowing ammunition

To introduce the NBD program, the bank used the chairman and president's letter described above, accompanied by a reprint of a *Reader's Digest* article, "The Ominous Distrust of the Dollar," in addition to the employee magazine. The article in the magazine was pointedly labeled "What *You* Can Do About Inflation." It dealt in specifics. It urged appropriate action by employee readers, listed the names and addresses of Congressmen so that employees could write, and even gave the readers a specimen letter.

Following the first barrage, the bank undertook a quick "spot survey" to see how effective its efforts had been. Two significant findings came out of the check. First, a majority of employees reported they had already discussed the inflation problem with family and friends. Second, a majority reported spending less money on non-essential items. Roughly 10 per cent said they had already written Congressmen or planned to write soon.

Like many others, Swift & Company has taken out after inflation in hard-hitting messages in the employee magazine. These messages urge employees to do something about it, to express themselves to their Congressmen. "Do it tonight," employees are urged. "The only machinery required is a pen. The only cost is a few cents for stamps. The only exertion is a walk to your nearest mailbox."

For Swift this has been only the

THE AUTHORS • Robert Newcomb and Marg Sammons, husband-and-wife partners in a Chicago consulting firm, own and publish *The Score*, a monthly management report on employer-employee communications.

beginning. At midsummer, A. H. Fritschel, Swift's secretary, wrote a letter to all stockholders inviting them to join in the war on inflation by writing to their representatives in Congress. In another letter, Fritschel advised stockholders that over a ten year period, for every $1.40 paid to shareholders in dividends, Swift also had to pay $3.07 in taxes. "As a stockholder," Fritschel observed, "this tax money came out of your pocketbook."

Lesson in letter-writing

Letters went to employees also, with suggested text for communications to Congressmen. The company also stated the problem of inflation in a frank special note to pensioners, who were likewise encouraged to write to Washington.

For many months during the time when inflation was creeping into the economy, management communications to employees dealt with the problem in abstract terms when they dealt with it at all. Inflation was described as a growing menace, an economic threat, a gun at the head. Employees shrugged it off because inflation appeared to be nothing more or less than a bogeyman assembled by management in order to frighten labor. As the situation grew grimmer, management decided to trot out the facts and, wherever possible, the figures.

Does a strike mean defeat?

It is perfectly true that in certain key industries a parade of facts has failed to deter employees from striking. To some managements, these uprisings of labor suggest the futility of educating employees to the perils of inflation. One company's industrial relations manager, however, takes this stand: "We've talked the evils of inflation in a lot of ways, and our plant

DOLLAR GOBBLER: *The National Bank of Detroit uses this graphic illustration to show employees where their money goes.*

What's Your Loading Problem?

☐ GROUND LEVEL LOADING? ☐ YARD CAR HANDLING?
☐ INADEQUATE DOCK FACILITIES? ☐ TEAM TRACKS?

THIS MAGLINER MAGNESIUM LOADING DOCK ON WHEELS CAN SAVE YOU THOUSANDS OF DOLLARS! REPAY ITS COST IN JUST A FEW MONTHS!

If you have no dock; an older building; a yard handling problem; need extra or movable dock facilities—then the Magliner Mobile Loading Ramp can solve your problem too! Combining magnesium strength with magnesium lightness—Magliner loading ramps can be moved by one man . . . give you a "loading dock" *where and when you want it*! Magliner loading ramps eliminate hand loading . . . speed operations . . . cut expense! For highway trailers and yard cars. Get the Facts—write today for Bulletin DB-211.

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REPRESENTATIVES IN PRINCIPAL CITIES

is currently out on strike in spite of it. But that doesn't mean that we have been wrong in what we have said. It means that we haven't spoken convincingly enough to our own people. The error is ours."

Competition and jobs

In many communications programs around the country, inflation has been tied directly to competition. Employees as a whole have seemed to be unaware that rising costs of production continue to put American concerns at a competitive disadvantage. And, for a time, management actually seemed unwilling to point it out. In recent months, however, the spectre of foreign competition has been raised repeatedly by top company men. Asks a recent International Harvester Company editorial of its employees: "Does inflation affect jobs? Could it affect *you*? Ask the auto workers of Detroit, who have seen nearly a half million cars they didn't make sold here in a year."

Although the burden of the communications load in the management fight against inflation has been borne largely by employee magazines or "house organs," many concerns have turned to management newsletters as a device of greater urgency and less formality.

Inflation strikes underground

The newsletter program of Cleveland-Cliffs Iron Company, Cleveland, for example, was launched in mid-1959 to buttress the efforts of the employee magazine. These letters, written by W. A. Sterling, the company's chairman-president, deal forthrightly with current economic problems — principally inflation. While other companies were still talking hesitantly of inflation and its perils, Sterling moved in close to the target and unloaded both barrels. Statements were graphic and heavily documented.

Attached to one lively letter was a "fact sheet" containing two charts: One showed "how your average hourly wage rates have risen in the past ten years. Note that wages in underground mines have climbed faster than all the others—even faster than steel." The second dramatized "the grim fact that, in the past few years, employment in deep underground mines has decreased significantly . . . because underground mining costs are becoming no longer competitive." Sterling

concluded with the observation that "if the wages of steel and iron ore workers are further increased at this time, they will surely price us all out of the American steel and iron ore market."

Support from other quarters

Worthington Corp., with headquarters in Harrison, N. J., consistently flays inflation not only in supervisory meetings but in brisk local newsletters for management personnel, written by the plant managers. In a recent newsletter originating at the company's Holyoke, Mass., division, Manager W. A. Finn discussed excessive Government spending and its adverse effect on income, insurance, savings, etc., and urged supervisory personnel to write their representatives in Washington to protest what's going on. The center sections of these newsletters were graphic, provocative discussions of economic themes, nearly all keyed in some way to inflation. Some of the titles were inviting: "What's in a Wage Package?"; "Who Are the Companies That Want Our Jobs?"; "So We Have Overseas Competition, Too?"; "Are We Exporting Our Job Security?" Readers actually asked to have the articles reprinted in a single booklet, and this has recently been done.

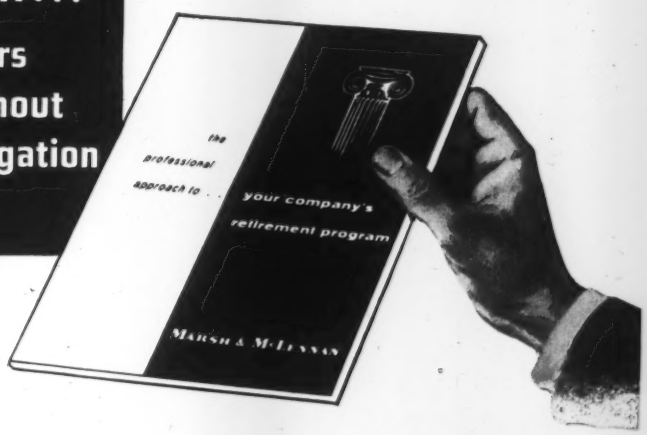
How DuPont brings it home

Inflation is attacked by E. I. du Pont de Nemours & Company in a number of ways. Local plant publications (more than 40 of them) consistently carry material on inflation, and the topic is discussed regularly in the company's supervisory newsletter and at supervisory conferences.

In the DuPont magazine published for all company employees, the editors attacked inflation as "a hazard to healthy expansion of the U. S. industrial economy" and brought it down to the local level so that the boys out in the shop could understand what a hazard it really is. In a series of three pictures, the editors showed how a house bought for $6,500 in 1939, with six rooms, ample grounds, and an attractive garage, would have shrunk in ten years to a house half its size, little ground, and no garage. In 1959, the authors noted, "the house bought for $6,500 would be little more than a double-deck, king-size closet." (See photos, page 123.)

Many organizations have reached out beyond the employee group to

Now... yours without obligation



Answers . . . to executive questions on company retirement problems

Getting at the basic problems . . . three steps to success . . . selecting the right program . . . keeping it up to date . . . effective administration . . . getting the most for your dollar . . . the changing pattern . . . modernizing your present plan.

Whether your company is large or small, whether the problem involves a new retirement benefit plan or an established program, this brochure will aid you.

It defines basic problems in employee retirement planning and sets forth proved procedures in arriving at the most effective benefits on a realistic cost basis.

The function of Marsh & McLennan's professional staff of actuaries is explained fully. These experts bring to you and your company the experience gained in serving other companies in virtually every field of American enterprise.

If you will write us on your company letterhead we will be pleased to send you a copy.

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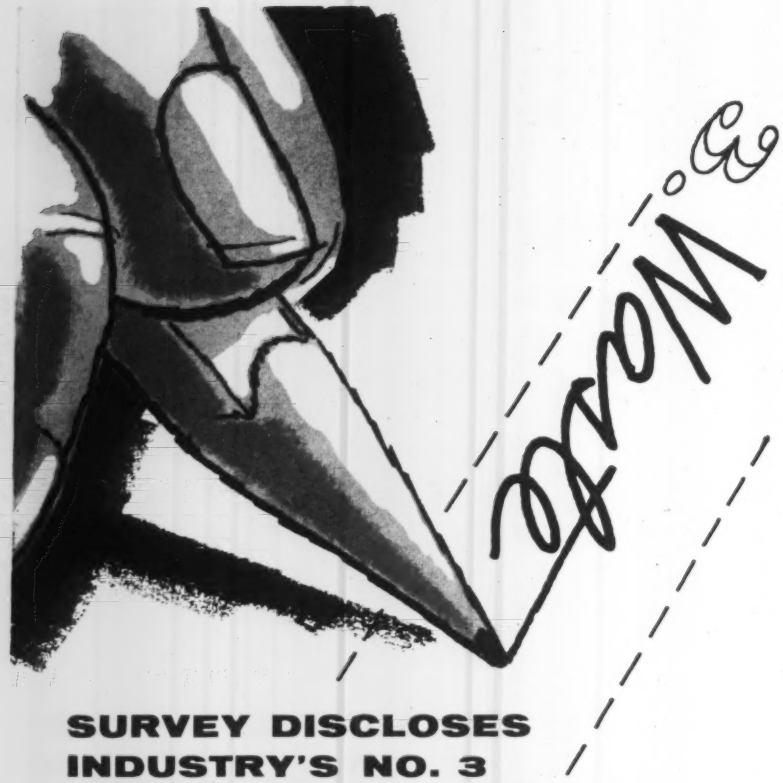


SURVEY DISCLOSES INDUSTRY'S NO. 3 SKIN HYGIENE PROBLEM: WASTE SOAP

Here's The Answer To It From SBS

The most difficult three industrial skin hygiene problems, as rated by 2,177 major plants recently surveyed, are:

1. *SKIN DISEASE*
2. *REMOVAL OF TOUGH SOILS*
3. *WASTE OF SOAPS*

Closely associated with the actual problem of skin disease is the costly waste of soaps in *all* plant areas. Liquid soaps run off hands too easily, other types melt or spill. Where wasted soap accumulates, extra housekeeping expenses are involved, sub-sanitary conditions exist and worker dissatisfaction mounts. Often the combined cost of soap waste and resulting maintenance can add up to more than the original cost of the soap supply. Small wonder industry rates it as such a problem!

What's the answer to it? Ask an SBS representative to show you "Operation Pinpoint", 10 minute sound slide digest of the national survey, and you'll see how a *planned corrective program* can solve all these skin hygiene problems. Since SBS produces a *complete range of cleansers*, he can suggest the right cleanser for each job. For the safest, savingest answer to skin disease, tough soils, and soap waste, write today . . . Dept. 2J.

the washword of industry

SBS sugar beet products co.

SAGINAW, MICH. • Los Angeles, Calif. • Newark, N.J

CANADA: Chemical By-Products, Ltd., Toronto, Ontario

talk the dangers of inflation. Some utilize media for employees, distributing them to exterior groups. Thus Philip B. Hofmann, vice chairman of the board of directors of Johnson & Johnson at Somerville, N. J., has made available a readable essay on inflation (as well as socialism and centralization of government). It is called "Quo Vadis?" and it makes the kind of sense management thinks needs to be made.

When an American Telephone & Telegraph Company shareowner wrote Frederick R. Kappel, the president, to ask "Why in heaven don't you speak out on inflation?", Kappel responded in large ads in many newspapers, noting that A T & T does indeed speak out on inflation, in articles and bulletins to employees and in meetings with the company's external publics. He noted, too, that the company has consistently urged people to do something about inflation.

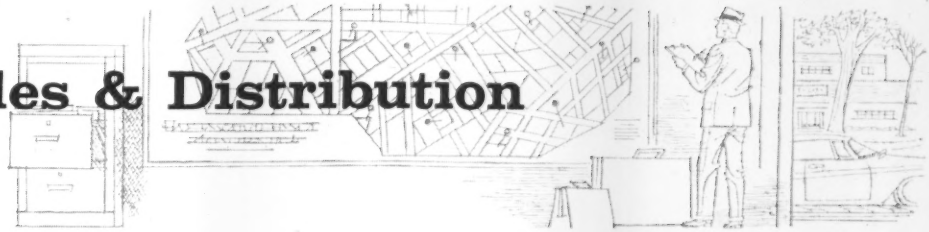
The American Iron and Steel Institute, before and during the steel strike, plied member companies with facts about inflation. These were built into articles in employee magazines, into material for newsletters, into posters for bulletin boards. The total activity might be shrugged off by some because of the subsequent stalemate at the bargaining table, but today the economic facts of industry generally and steel specifically are better known by steel employees. And they are seen in clearer focus than ever before.

Bread-and-butter talk

In communicating the anti-inflation message to employees, veterans of practical persuasion recognize that if you want to talk bedrock economics to any group, it's important to talk it in terms of their own understanding and experience. Reams of paper have been wasted in corporate messages to employees describing inflation as a deadly adversary that must be crushed. This is talk that neither interests nor influences the employee. On the other hand, when the message points out that the 1939 dollar has shrunk to 42 cents, and the reader is reminded that for four consecutive months in mid-1959 the cost of living index went up, he says, "Brother, don't I know it!"

He knows it because he can feel it. If he feels it sufficiently, he will do something about it. And that's just what is happening in many companies today. END

Sales & Distribution



Getting the Habit Early

If the new charge plan now being tested by Sears, Roebuck and Company in Atlanta, Ga., and other cities pans out, new inroads may be made in the $6 billion teen-age market. The company, which operates 728 stores throughout the nation, is now testing out a charge-it plan for teenagers (14 to 19 years) who have regular allowances or part-time jobs.

Says a spokesman for Sears: "This early introduction to installment buying would be not only a welcome convenience to young people, but it would also be valuable training for them in budgeting expenditures and in meeting financial obligations." And, of course, retailers who garner shopper loyalty early will have a real edge in the next decade when today's teenagers will be spending heavily to set up their own homes.

Teen-age charge accounts get a tryout

Companies beef up their marketing staffs

For advertisers, space is where you find it

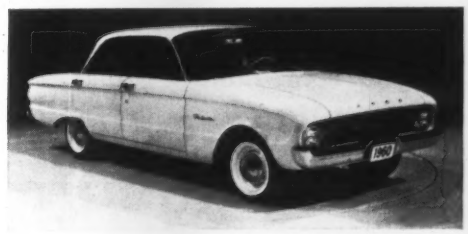
Teenagers' pocket money today is impressive compared with the scanty allowances of a generation ago and reflects the bounty of a prosperous nation. A survey of 5,000 junior and senior high school students by Scholastic magazine reveals that:

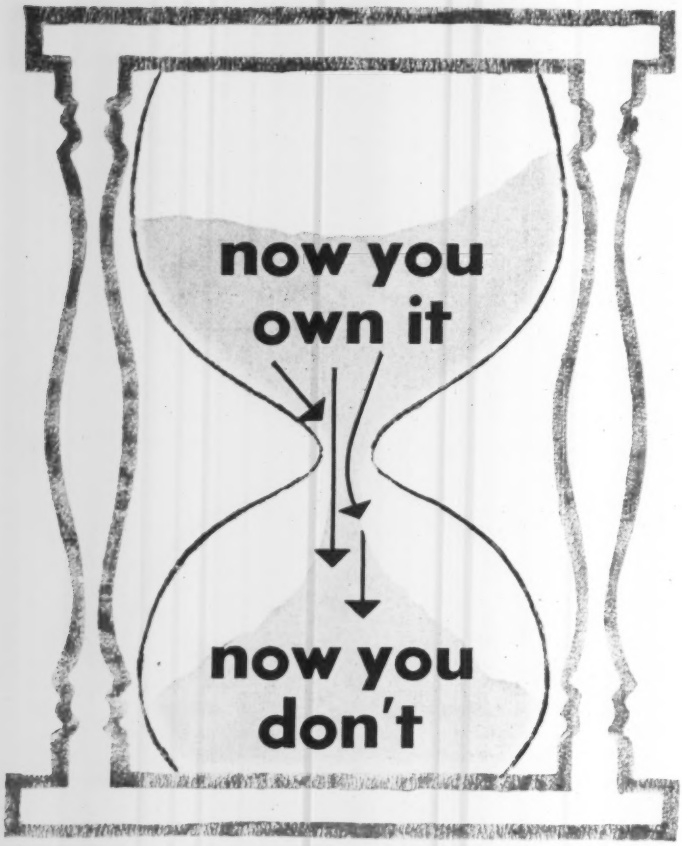
- Senior high school boys spend an average of $7.48 a week and save $4.03 and get more than half of their income from part-time jobs.
- Senior high school girls depend mainly on allowances from parents for the $4.98 they spend and the $1.87 they save.
- Students in junior high schools depend primarily on allowances for their income. Boys spend $3.67, save $1.76, and girls spend $3.22 and save $1.19.

Increasingly, companies are eyeing growing markets in which income is

New Twist in Product Promotion

EVER HELD AN ELECTRONIC PRESS CONFERENCE? That's how a new product was introduced to the business press last month when the Ford Motor Company gathered 2,000 reporters in hotel ballrooms in 21 cities across the nation. The unveiling of the Falcon (see below), the first of the Big Three's small cars, was done by closed-circuit television. Through a two-way audio hook-up, reporters were able to ask questions directly of President Henry Ford, Vice President James O. Wright (on the screen at left), and other executives.





You insure it when you own it

...why not when you don't?

When shipment is made—title passes to the purchaser. In place of your product there is now an account receivable. It is sound to insure while you own the product . . . equally sound to insure when *your customer* owns the product, and owes *you* for it. American Credit Insurance, by protecting accounts receivable, plays a major role in good management . . . makes a basic contribution to financial security and sales progress.

SEND FOR BOOKLET on the many advantages of modern credit insurance. Write AMERICAN CREDIT INDEMNITY COMPANY of New York . . . Dept. 50, 300 St. Paul Place, Baltimore 2, Md.

Protect your investment in accounts receivable

with American Credit Insurance

ANY ACCOUNT...NO MATTER HOW GOOD...IS BETTER WITH ACI

tax free and spending largely discretionary.

Sales Executives Wanted

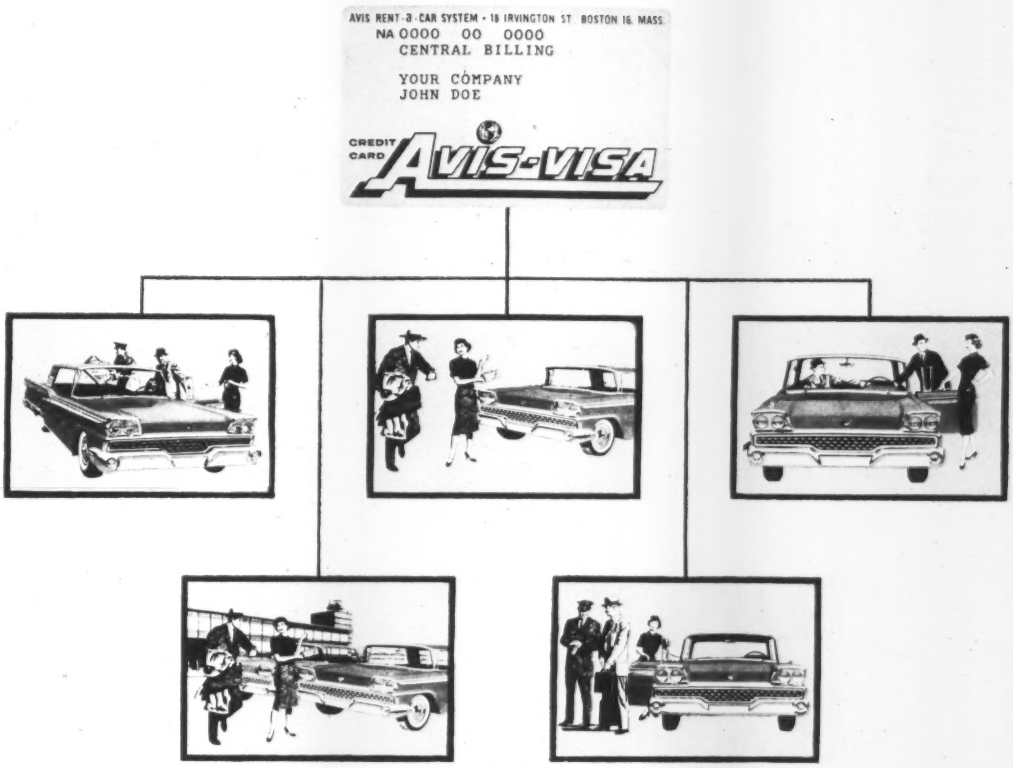
In preparation for the expanding markets of the next decade, many companies are now looking into their staff needs. Although automation is reducing the need for routine workers both in the plant and in the office, there appears to be no weakening in the demand for management people. A new survey of 152 major corporations shows that management people (particularly sales executives) are being hired at a faster pace and that many executive job openings will occur in the months ahead.

The companies surveyed indicate that the largest number of openings will be in sales and marketing, which account for 30 per cent of the jobs to be filled. Almost as many—26 per cent—of the openings will be in manufacturing, and 24 per cent will be engineering positions. Only 9 per cent of the executive jobs to be filled will be financial functions.

According to the survey, top management feels that it will be much more difficult to fill the sales and marketing jobs than to find good people for the manufacturing positions. Positions in financial management are considered the least difficult to fill.

Most of the management jobs waiting to be filled fall in the $10,000 to $20,000 range. Although only 1.4 per cent of the jobs will pay more than $40,000 a year, 15 per cent will be in the $20,000 to $40,000 range.

SALES PITCH: *The motorist gets the product message at Sunoco service stations while he gets his windshield wiped.*

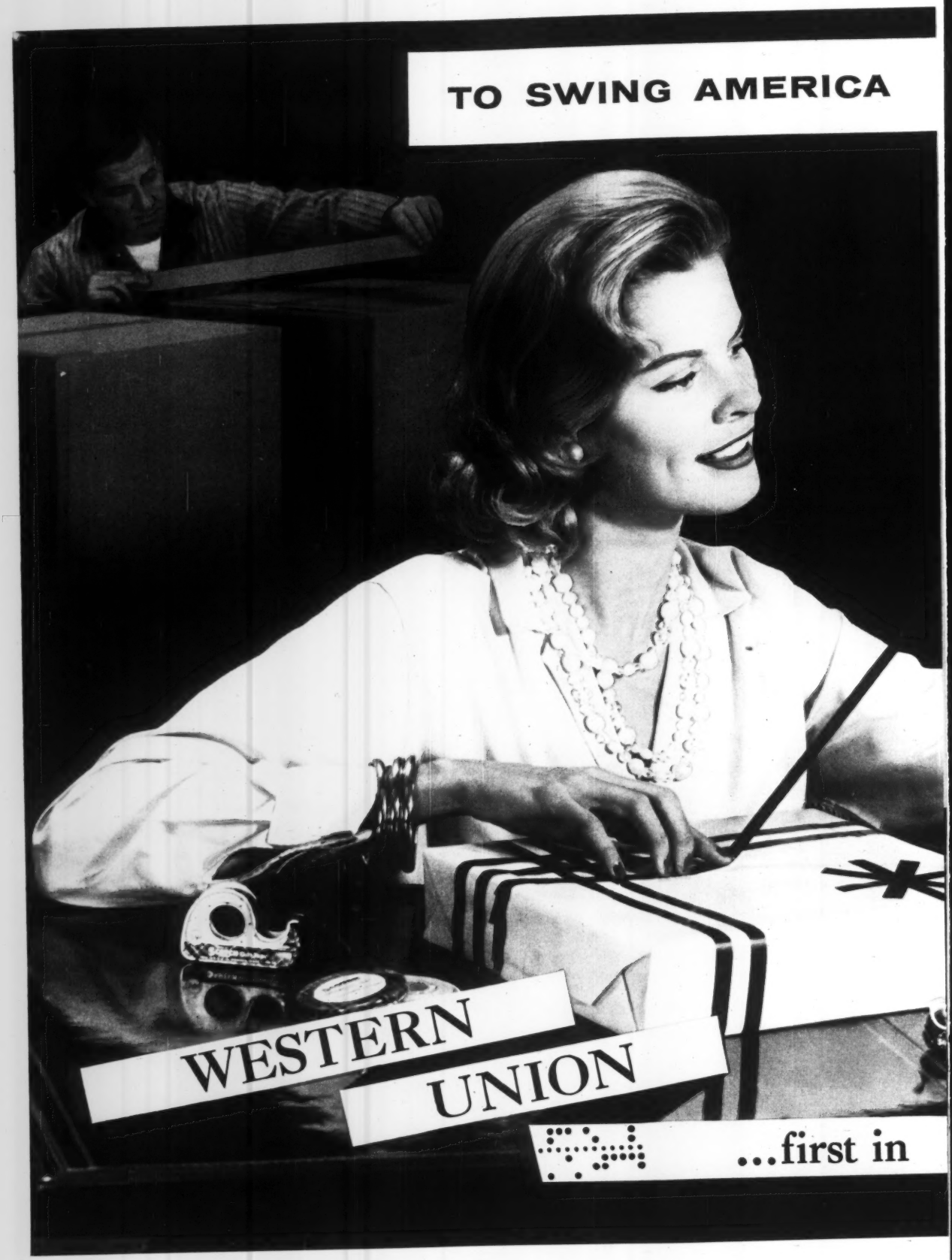


Avis offers new help to men in charge of travel!

It will pay you to get the facts about the Avis Corporate Travel Plan. One year of successful operation has proved how much it saves in car and truck rentals. Over a thousand companies with men who travel find they cut travel costs, reduce paperwork, and improve accounting control with the Avis Corporate Travel Plan. No other plan saves you so much! Get all the facts, without obligation! Address: Avis Rent-a-Car System (Dept. 70), 18 Irvington Street, Boston 16, Mass.

NEVER BEFORE SUCH EASE AND FREEDOM OF TRAVEL!
The Avis Corporate Travel Plan makes it possible for your men to *fly* where they're going and *drive* when they get there with new ease and efficiency. The Avis-Visa Credit Card is the mark of an experienced traveler. It means handsome new Fords (or a favorite make and model) are ready and waiting from coast to coast and in Canada, too.
Savings to your company are automatic. There's no waiting . . . no red tape. Electronic central billing even simplifies expense-accounting. Charges are accurately identified on monthly invoices to accounting offices you specify!

Avis
RENT-a-CAR


TO SWING AMERICA
WESTERN UNION
...first in

FROM STRING TO TAPE . . .

START WITH WESTERN UNION

Minnesota Mining & Manufacturing uses 9067-mile private wire system to keep Scotch Brand Tapes first in nationwide sales.

Are outdated communications slowing up your business operations? 3M, producers of Scotch Brand Tapes and 41 other major product lines, faced up to and solved this same critical problem with one smart decision.

Solution? A Western Union Private Wire System. Custom-tailored by Western Union experts, it now flashes messages with the speed of light between St. Paul headquarters and thirty-five nationwide sales offices, plants, and warehouses.

This coded, fully automatic system supplies up-to-the-minute written information on production schedules, warehouse inventories, shipping dates, sales figures . . . permits instantaneous management control over all operations. All of Minnesota Mining's 26 divisions—anywhere on the network—get questions answered in seconds—so that decisions can be made at once.

Are your communications problems similar to Minnesota Mining? If so, Western Union can engineer a private wire system specifically designed to your company's needs. For more information, send a collect wire today to: Western Union, Private Wire Division, New York. *It may well be your most important single decision of 1959.*

Keep tabs on production, inventories, shipping, with economical private wire messages. Questions asked and answered in minutes —with never a delay!

Compatible with data processing equipment. Western Union punched tape can work with automation systems to process sales orders, payrolls, anything in writing.

Western Union Intrafax, installed at company headquarters, speeds wire messages to proper departments. Pickup and delivery of messages eliminated!

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You'll smile at its good looks

. . . grin at its efficiency . . . and love the way it lasts

Good looking office furniture is an important business asset . . . as long as it *keeps* its good looks. And that's where ASE furniture leads the parade. Look carefully at ASE desk tops. See the *double* shell construction with a unique honeycomb structure inside that deadens sound, insures extra strength, permanent smoothness. The lustrous ASE finish will last for years. Bonderite treatment permanently anchors the baked enamel to the metal for resistance to corrosion, mars and scratches.

There's no extra cost for this built-in quality and good looks. That's true of all ASE furniture . . . desks, chairs, credenzas, L-units, filing cabinets. So, before you make that important investment in office furniture, be sure to see the complete ASE line. Your ASE dealer is ready to help you plan your office for lasting beauty and efficiency that will keep you smiling. See him soon.

ASE

ALL-STEEL EQUIPMENT Inc., Aurora, Illinois

Desks • Chairs • L-units • Credenzas • Tables
Bookcases • Filing Cabinets • Storage Cabinets

Reflecting top management's plans for growth in the years ahead, 53 per cent of the executive openings will be newly created positions. The new survey, which was conducted by Executive Manpower Corp., New York, will be repeated every six months.

"Far Out" Ad Space

The surge to outer space is now being matched by industry's search for space on which to place its product message.

In their efforts to get their sales stories across, companies are seeking out new ways to catch the consumer's eye. In addition to such electronic variations as television at the point of purchase (see DUN'S REVIEW, September 1959, page 165), even such prosaic items as shopping bags are being put to work.

Supermarket Affiliates Corp., New York, is now testing a double purpose shopping bag that will carry advertising messages along with a checklist of things to be bought. The shopper picks up the filled bag at the checkout counter and uses it to list items to be bought on the next trip to the supermarket. The bags will be given free to the supermarkets and should result in savings of from $75 to $100 a week for each store, according to the promoter. The charge to national advertisers is $1,000 for one million ad-bedecked bags.

All the world's a billboard

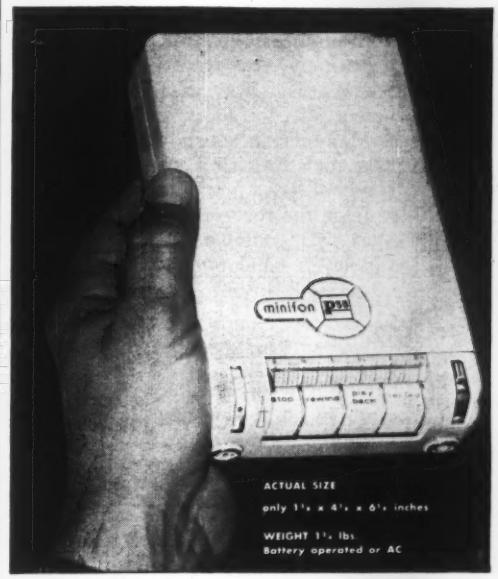
Here's a rundown of other efforts by industry to find places to spot their promotional messages:

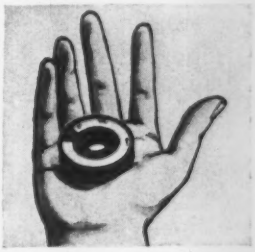
- A proposal to place advertising on billboards on the sides of buses was recently approved in New York City.
- A company is going ahead with plans to print selling messages on roller towels in washrooms.
- A Dallas company is producing shelters for school bus stops. Space on the sides will be sold to advertisers.
- The Milk Carton Advertising Corporation of America offers to place advertisers' messages right on the kitchen table. Minimum purchase: 100,000 cartons.
- The *Fort Lauderdale* (Fla.) *News* now sells the space on the wrapper around home-delivered copies of the newspaper.
- A New York company announced plans to install miniature billboards in the lobbies of 1,500 apartment houses.
- A Los Angeles company now car-

Records 4 Hours!

...on One Palm-Size Mailable Reel

Amazing Precision, Pocket-Size Recorder Plays Back Immediately!





MINIFON IS SMALLEST, LIGHTEST, PUSH-BUTTON RECORDER

NEW LOW PRICE

"Minifon Saves Time, Money," *says Executive!*

"I've tried other types of recorders and have discarded them all since I learned about MINIFON." Nothing can match the convenience and lightweight of this remarkable pocket-size, highly faithful recording instrument." Today major industrial concerns insist that their executives carry Minifon recorders on all business trips, because Minifon is the only foolproof way to record on-the-spot information from contacts in the field.

Minifon hears everything said and forgets nothing—eliminates the time, labor and errors-of-memory that go into written reports. And a Minifon with automatic push button controls is ready to take notes any time, anywhere, under any conditions—you can even "talk to it" while driving a car or flying a plane! For details and **NEW LOW PRICE** mail coupon below!

GEISS-AMERICA, CHICAGO 45, ILLINOIS, Dept. D.R. 10
Exclusive U.S.A. Importers

Please send me completely illustrated brochure on the MINIFON recorder.

Name_____

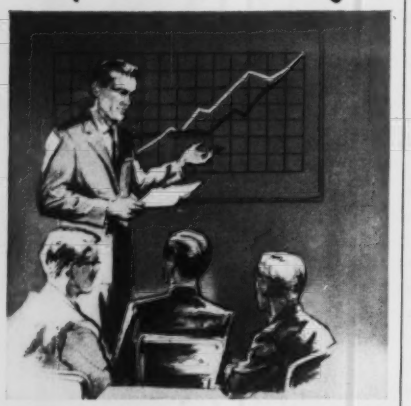
Name of Company_____

Address_____

City_____ State_____

ON THIS ONE POINT

They ALWAYS Agree



PALLETAINERS®

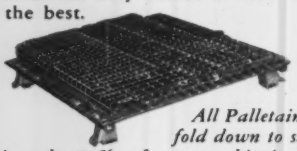
SAVE MORE

MATERIALS HANDLING DOLLARS

Men who know the facts . . . men who make the decisions, choose Palletainers to save more handling dollars.

These versatile, practically indestructible containers will save you time, money and manpower on the production line, in storage and shipping. USP Palletainers are available in a wide range of sizes, types and capacities to match each specific plant need.

Palletainers carry loads up to 6000 lbs. with perfect safety, plus many other outstanding features that make them the only choice of men who know the best.



All Palletainers fold down to save approximately 75% of return shipping or storage space.

Write Today: Get your illustrated catalog with complete information and specifications on all USP Palletainers.

UNION STEEL PRODUCTS CO.

ALBION, MICHIGAN

ries ads on the water coolers it services.

- Publishers of paperback books are selling space in their editions.
- Oil companies now provide motorists with litter bags, which, of course, contain product pitches from those picking up the tab.
- Some cities are adding to their revenue by selling the space on trash cans and park benches.
- Companies constructing new office buildings are donating the space on the surrounding fence to charities so that they can display their messages.
- Miniature billboards for the tops of parking meters are being offered to cities as a way to augment their income.
- Many restaurants now receive their place mats free, since they are willing to accept those that carry advertising.
- Even the reverse sides of the messages that come in Chinese fortune cookies are being put to work to move products.

What's Not Up Front

The nationwide debut of a new cigarette is no longer news to anyone other than those directly involved. However, the appearance of a new smoke next month should stir considerable interest, for it has everything its competitors have—except tobacco.

Concocted as an antidote to the cancer scare, Vanguard cigarettes came through their test run in the Dayton market by cornering 2 per cent of the market. According to the producer, supermarket operators are eager to handle the new product because a tax-free cigarette offers a much larger mark-up.

Made from vegetable fibers, the new cigarette is expected to satisfy the "oral gratification" that motivation researchers claim is one of the most important reasons for smoking.

—T.K.

"Yes, I did suggest painting as a relaxation from business, but I think you missed the point."

OK, BORIS--

NOW!

Trustworthy agent, Boris. He'll see that you get a copy of the Iowa Industrial Resources Fact Book, and NOBODY will know if you're considering a location in the NEW IOWA. But YOU will have the latest intelligence on what the NEW IOWA has to offer your business! Write Ed B. Storey, Director. Telephone: Des Moines — Atlantic 2-0231.

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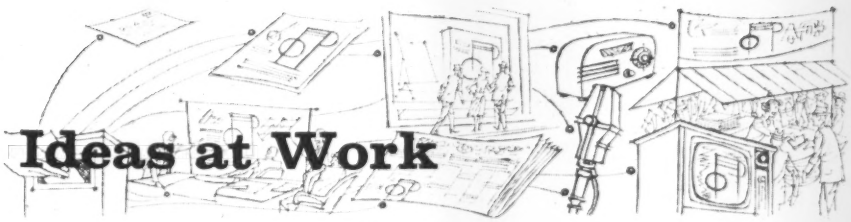
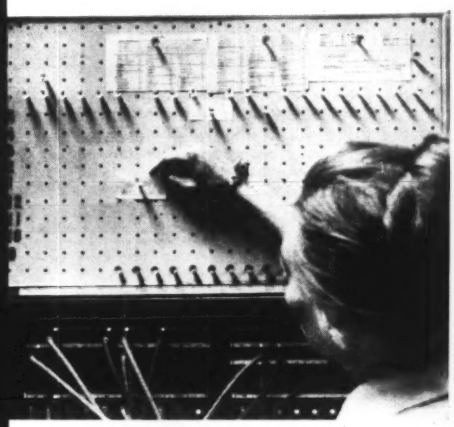


Ideas at Work

- *Plotting board for employees*
- *Attention-getting devices for better meetings*
- *Company recruits workers on building site*
- *Do-it-yourself solution to magazine storage*



Keeping Them Pegged

A Los Angeles automobile agency has found a simple solution to the troublesome problem of keeping track of the goings and comings of all its employees.

An inexpensive Masonite pegboard is mounted above the telephone switchboard where it is easy to work with and read. Each employee's name is typed on a strip at the bottom of the board. Golf tees on the top row indicate that the employee is at his regular place of work. When he leaves, he tells the switchboard operator when he expects to return, and she moves his tee to the hole opposite that hour.

A black line on each tee acts as a minute hand. As shown in the photo (left), the operator "pegs" an individual at a meeting and turns the tee to indicate he's due back at his desk by 1:55. Home phone numbers are kept on a chart above.

Cut the Chatter!

Too much rambling talk and too little attention to business have spoiled many a meeting. Here are a couple of tested ideas for getting the show on the road and keeping it there.

At one company, regular weekly staff meetings were running overtime because the men larded their reports with the latest jokes and shop talk. But the sales manager pulled everybody up short by simply placing a tape recorder microphone in the center of the table and telling the men he wanted to record the ideas coming out of the meetings. Now the meetings are over in half the time because the salesmen, aware that their comments are being put into the record, no longer stray from the subject.

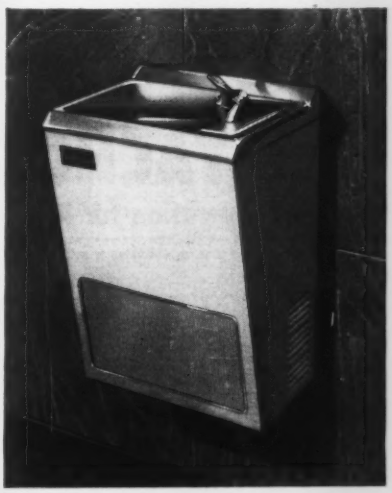
Trying to keep 300 salesmen interested in the presentation of a complicated advertising program, Western Union's J. S. Margules came up with this idea. While the men were assembling for the meeting, he secretly took their pictures with his Polaroid camera. Later, when their faces began flashing on the screen to illustrate Margules' talk, the salesmen were all eyes—and ears!

Read It Here First

Bulletin boards in plants and offices today are more than just catch-alls for chit-chat and cartoons. At Marquette Cement Manufacturing in Chicago, for example, all news releases produced by the company's public re-

NOW

an entirely new concept in water cooler design!



Completely self-contained, refrigerated electric wall fountain. Capacity: 13 g. p. h.

TEMPRITE

... the "quality line" presents

WALL-TEMP

Model WT-13

With completely new functional beauty and great new flexibility—wall mounted model WT-13, by Temprite, presents an entirely new concept in the design engineering of drinking water coolers. Designed for maximum architectural efficiency wherever self-contained coolers are specified—Model WT-13 is in complete harmony with today's building trends.

1 Mounts flush to wall.
2 Fully concealed plumbing.
3 Ample head room.
4 Floor cleanliness; foot freedom.
5 Extra deep basin.
6 Mounts at child's height if desired.

TEMPRITE PRODUCTS CORPORATION
P.O. Box 72-L, E. Maple Rd., Birmingham, Mich.

Send me literature on the new Temprite "WALL-TEMP" Model WT-13 self-contained water-coolers.

Company_____

Name_____

Address_____

City_____ Zone____ State_____

WANT DAILY FACTS on each truck trip?

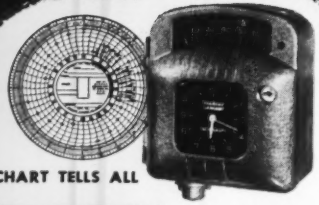
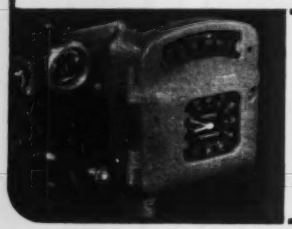


CHART TELLS ALL

WAGNER SANGAMO **TACHOGRAPH** "supervises"

truck operation for little more than 2¢ per day

When you equip a truck with a Tachograph you are able to get a complete graphic report on all starts, idling, stops, and speeds encountered on the run. The chart (which costs you about 2¢ each) is taken out of the Tachograph at the end of the day. The data recorded provides you with the information you can use to cut unscheduled stops, plan better routes, lower operating and maintenance costs, and help make drivers more safety conscious. *For details, mail the coupon.* WS59-2



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Company_____
Address_____
City_____ State_____
We operate_____ Vehicles

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ALL YOU NEED TO KNOW ABOUT RECORD STORAGE

IN 2 FREE BOOKLETS

Send for your FREE "Manual of Record Storage Practice" telling you how long to retain or destroy business records. It outlines an easy-to-do storage plan for inactive records.

With the Manual we will send our New Catalog on Record Storage Filing Equipment. Learn the facts that every businessman should know about record storage.

Clip ad to your letterhead and mail to:

BANKERS BOX PRODUCTS

Bankers Box Co., Dept. R-10
Record Specialists Since 1918
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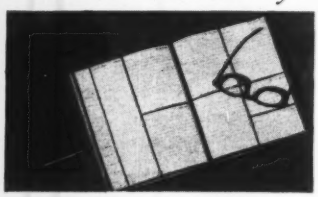
SATURDAY REVIEW
Executive Desk Diary



the Mark of the Man who is the Master,
not the captive, of his hours

A gift of distinction for the few — or many—most important names on your gift list, the Executive Desk Diary is, at last, the ultimate answer to expeditious desk management. A completely new concept in desk diaries, it features a unique week-in-view organization, a permanent recording system, a comprehensive almanac-type reference section and other extraordinary executive aids — making this the most expedient desk diary ever designed.

3 luxuriously bound, gift-wrapped editions, $4.95, $6.95 and $12.50. Name of recipient and/or donor may be richly gold tooled on the cover. ***Write for brochure "D" and quantity price list.***

Lamay ASSOCIATES, INC.

25 W. 45 St., New York 36 • JUdson 2-0220

lations department are posted on the employee bulletin boards at the same time they are sent to the editors. Reading the news while it's still news has piqued employee interest in company affairs.

HANDY HANGERS: *Companies which have the problem of keeping business, technical, and scientific magazines available for use by executives and researchers might borrow this idea from L. J. Swain Advertising, Inc., Whittier, Calif. This "homemade" rack constructed of half-inch pipe has six 26-inch cross bars which hold up to 1,000 magazines on common wire coat hangers. The current month's publications are shifted to the bottom racks at the end of the month and stay there for three months before being destroyed.*

Family Pride

If his family is interested in his job and the company he works for, it not only boosts an employee's morale, it helps build the kind of company loyalty vital to a productive workforce.

That's why "what Dad does" is the subject of dinner table conversation these days in the homes of employees of the Bridgeport Brass Company, Bridgeport, Conn. The company is conducting a contest in which the children of all its employees are asked to submit a drawing showing how they think their father looks while he's working. Naturally, they're going to need to ask a lot of questions. The company sees this as a good way of increasing Dad's own identification with his job.

Dear Son: Come Home

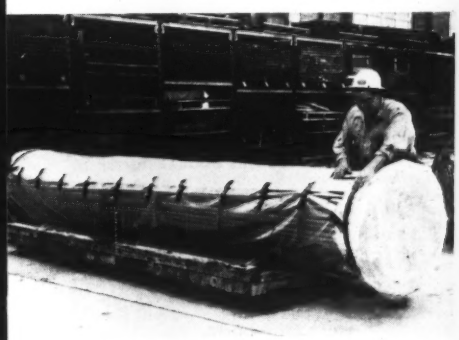
To back up its pledge to the Colson Corp. to help recruit skilled workers for its new plant relocated in Jonesboro, Ark., the local Chamber of Commerce urged citizens to write to

relatives who had moved away. Many small town boys, disenchanted with life in the big industrial cities, returned to take jobs with Colson.

—C.K.

WHILE YOU WERE OUT: *If a customer is out when a salesman of Spector Freight, Inc., Chicago, calls, he leaves his card in this special desk-top holder with a "sorry I missed you" message that has more impact than the card alone.*

MOBILE RECRUITING OFFICE: *While builders are still working on its new national headquarters in Paramus, N. J., the Rayco Manufacturing Company is interviewing job applicants in this house trailer parked in front of the construction site. The 40-foot mobile office contains a waiting room, testing room, and private office.*



IN THE BAG: *Wrapping a bundle of carbon-steel tubes in polyethylene plastic film to protect them from rust and corrosion during storage is as easy as wrapping meat for the home freezer, and at Esso Standard Oil Company's Bayway refinery, Linden, N. J., the cost of the plastic packaging is one-eighth the cost of the military-style mothballing formerly used.*

TOE INJURIES

are among the most prevalent in industry

THEY CAN BE PREVENTED

Write
HY-TEST SAFEty SHOES
Division
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One of the more than 90 HY-TEST SAFEty SHOES, OXFORDS and BOOTS for Men and Women in Industry.

PROTECT WORKERS WITH
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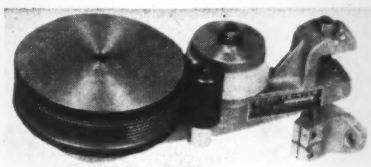
SAFEty SHOES FOR EVERY NEED

THE "WHIPPET" MARKER



Automatically dates, codes, or marks production runs of cartons, packages, filled bags, boxes, rolls, cans, etc. For candy manufacturers, food packers, distillers, oil companies, etc. Send for free catalogue.

THE INDUSTRIAL MARKING EQUIPMENT COMPANY, INC.
655 Berriman Street, Brooklyn 8, N.Y., Dept. DR

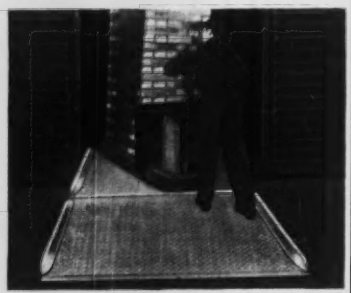
DO YOU REALLY KNOW HOW THE ALDEN SYSTEM CAN REVOLUTIONIZE YOUR PRODUCTION?

It will cut costs, increase profits and yield more production from less space . . . in your present plant. To "fuse your new plant to the future" . . . it's a Must!

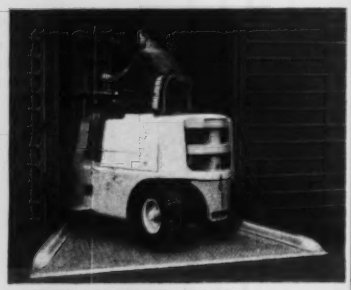
To be completely informed write for the new "ALDEN SYSTEMS HANDBOOK" . . . qualified people are invited to ask for the "ALDEN EXECUTIVE PORTFOLIO"

ALDEN SYSTEMS CO.
Alden Research Center
2 Washington St., Westboro, Mass.

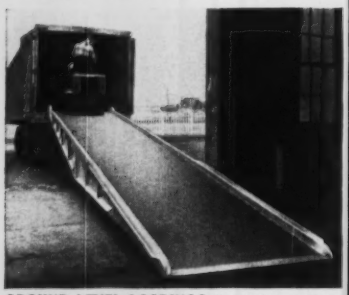
Do You Have Any of These Dock Problems?



EQUIPMENT UNDER CLEARANCE PROBLEMS? —or extreme dock-to-carrier height differences. Magliner board and ramp combination solves high truck—low dock problem. Longer slope for safer loading. Prevents hang-up of low underclearance equipment. Dock board can be used independently of ramp.



NARROW CONGESTED DOCK? This narrow rail dock required a flared Magliner dock board, allowing power trucks to make sharp, right angle turns.



GROUND LEVEL LOADING? Check into a Magliner mobile loading ramp—a loading dock on wheels . . . where you want it . . . when you want it. One man moves it.

OUTLYING YARD CARS? No problem to load or unload directly from dock with Magliner car-to-car dock boards. Eliminates car-spotting and demurrage costs.

PLANNING A NEW PLANT? Install Magliner Perma-Docks—the permanent magnesium dock board system. Low initial cost . . . economical installation . . . maintenance-free operation. Built-in dock loading efficiency—plus more usable dock space.

Write for Bulletin DB-204

Magliner MAGNESIUM

DOCK BOARDS

Magline Inc., P.O. Box 310, Pinconning, Michigan

EXECUTIVE BOOKSHELF

Brief Reviews of New Business Books

A New Look at Capitalism

POWER WITHOUT PROPERTY *by Adolph A. Berle, Jr. Harcourt, Brace and Company, 750 Third Ave., New York 17, 184 pages, $3.75.*

The pyramiding corporate organization, says Prof. Berle, has produced a concentration of economic power that has displaced property as the base of American capitalism and has turned the corporate manager into a "nonstatist civil servant."

Taking the World View

THE COMMUNIST CHALLENGE TO AMERICAN BUSINESS *by Clarence B. Randall. Atlantic-Little, Brown, 34 Beacon St., Boston 6, 203 pages, $3.50.*

Tough talk from a leading industrialist, who chides his colleagues for shirking responsibility and letting self-interest hinder the bold foreign economic policy he believes necessary to meet the Soviet threat.

The Management of People

PERSONNEL ADMINISTRATION: EVALUATION AND EXECUTIVE CONTROL *by James H. Taylor. McGraw-Hill Book Company, 330 West 42nd St., New York 36, 326 pages, $7.*

A workbook addressed primarily to operating managers, showing how to establish and maintain an effective personnel program and control and evaluate the personnel staff.

Reporting on Fringes

COMPLYING WITH EMPLOYEE BENEFIT PLAN DISCLOSURE LAWS. *American Management Association, 1515 Broadway, New York 36, 144 pages, $5.25.*

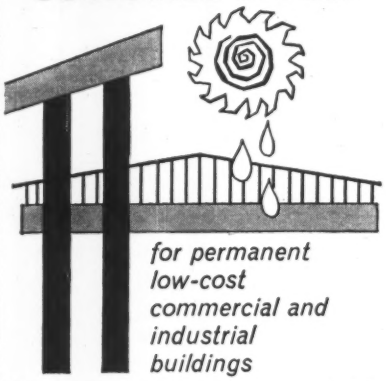
A step-by-step guide to meeting the requirements of the new Federal Welfare and Pension Plans Disclosure Act. A supplement contains specimens of completed forms.

How Not to Manage

THE EMBATTLED EXECUTIVE *by Lydia Strong, illustrated by Al Hormel. American Management Association, 1515 Broadway, New York 36, 96 pages, $1.95.*

You may recognize the hapless hero from his appearances in other AMA publications, and you'll be even more familiar with the perils that threaten his executive position. Clever drawings and witty text point up the seriousness of the manager's job.

KOPPERS POLE CONSTRUCTION



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Need a warehouse, factory, storage building fast? Then get the facts on Koppers Pole Buildings. You'll get a building that is quick and easy to erect; that costs up to 50% less per square foot; is practically maintenance free; and easy to modify or expand to meet changing needs.

C-41

For idea stimulating facts

Write for the new 20-page booklet "Koppers Pole-Type Construction for Industrial/Commercial Buildings."

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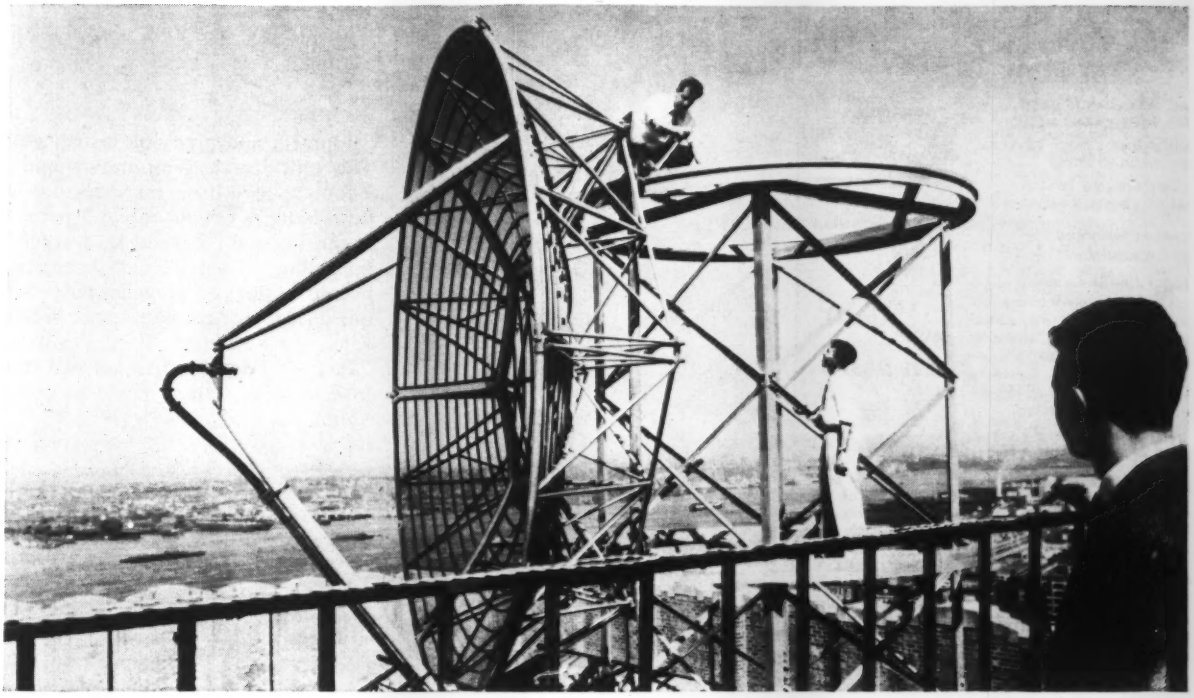
THE U.S. TREASURY SALUTES THE COMMUNICATIONS INDUSTRY

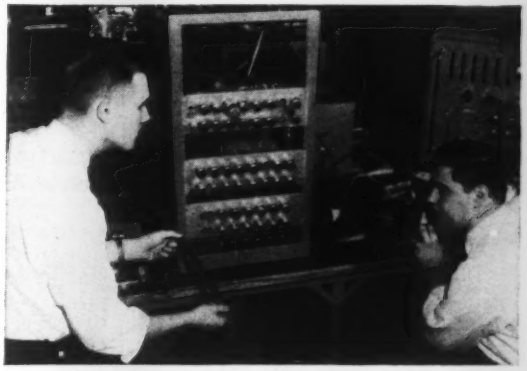


--and its people who buy Savings Bonds and strengthen America's Peace Power

The hundreds of thousands of Americans who earn their living at work with the telephone and telegraph industries are proud of the scope and skills of their service in local and worldwide communication. They're proud, too, of the vast and varied help their industry is giving to our national security.

Thousands of these telephone and telegraph people have a personal hand in building up America's Peace Power, too. They do this by purchasing U. S. Savings Bonds. Their regular purchase of Shares in America helps these patriotic people to reinforce their own security after retirement and to establish current reserves for such sound family projects as new homes and higher education.

It may be that your company has not recently shown your employees the advantages of buying bonds on the Payroll Savings Plan. If so, why not conduct a person-to-person canvass now? Contact your State Savings Bond Director for Payroll Savings promotion materials and personal assistance. Or write to the Savings Bond Division, U.S. Treasury Department, Washington 25, D. C.



Like so many thousands of their fellow craftsmen in the Industry, these young employees are making regular use of their company's Payroll Savings Plan to contribute to America's Peace Power.

weigh the modern way! cut your costs!
use a
® HYDROSCALE
ON YOUR CRANE HOOK

ALL WEIGHING IS DONE ON YOUR CRANE HOOK
OUTMODES COSTLY CENTRAL WEIGHING STATION
COMPLETE LINE OF 110 MODELS NOW AVAILABLE

TYPICAL WEIGHING APPLICATIONS

Just a few of the many applications include—loading, unloading, batching, check weighing, foundry charging, production control, process control, checking inventory, and, protecting your equipment from overloading.

SAVE FLOOR SPACE!
SAVE MONEY!
SAVE TIME!

HYDROSCALES guaranteed—

to be free of defects in workmanship and materials, and accurate to ½ of 1% of the maximum dial capacity.

Write for descriptive literature explaining model features.

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The Superior, NEW ALL-PURPOSE CARBON PAPER

with every advantage for executives and secretaries

Clear, beautiful definition of executive correspondence. Exceptional manifolding. Greater usage per sheet. Longer shelf life.

These are but a few of the superior characteristics of Golden Dawn—an entirely new concept in carbon paper, smudge free, non curling, clean erasing. The crowning achievement of 42 years of Old Town leadership.

One finish. Three sizes: 8½ x 11, 8½ x 13½, 8½ x 14. TEST-WRITE Golden Dawn. Write on your business letterhead for samples.

OLD TOWN CORPORATION
Established 1907
750 Pacific Street, Brooklyn 38, N. Y.

New Product Parade

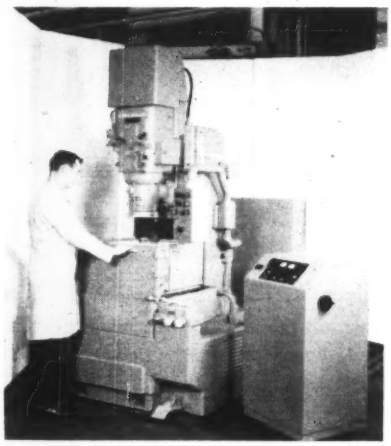
AIR PEN: Designed for marking components and fixtures, the engraving tool shown above is operated by air. According to the manufacturer, it is not only the first tool of its kind but also the first marker that can be adapted to any kind of material simply by adjusting the rate of the blow. The pen weighs just 9 ounces. Price: $60. *"No. 116 Air Pen," Thor Power Tool Company, 175 North State St., Aurora, Ill.*

•

AIR CLEANER: Another air-operated tool is designed for cleaning office equipment and precision instruments. The unit has a ¼-hp motor and a 7-foot rubber hose for directing air flow. Since it weighs only 6.5 pounds, it can be easily carried in a serviceman's bag. The device has been engineered to float off clogging dust without disturbing vital lubricants in delicate mechanisms. Price: $38.75. *"Sprayit 408," Electric Sprayit Division, Thomas Industries, Inc., 410 South Third St., Louisville 2, Ky.*

•

MACHINING BY SPARKS: Utilizing the erosion effects of electric sparks (think what happens to your car's spark plugs), a new line of machining tools will work well on materials too hard or too brittle to machine by other methods. Workpiece and electrode are bathed in a dielectric fluid that quenches the spark quickly and washes away the debris. Because of building block construction, 33 tools can be built up from sixteen basic units. *"Electrojet," Cincinnati Milling Machine Company, Cincinnati 9, Ohio.*



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PORTABLE VACUUM: A handy new gadget allows you to create a moderate vacuum wherever it may be need-

» *This month: writing with air; new machining principle; roll-around tumbler; plastic-card embosser; water purifier; portable keyboard; television camera; electric plastic binder.*

ed. The mobile unit plugs into any 115-volt 60-cycle AC outlet and produces vacuums from 250 mm down to 0.5 mm. The manufacturer states the pump will hold the desired pressure, plus or minus 0.2 mm, for as long as needed. Design engineering is said to have reduced disturbances due to vibrations. Price: about $675. *"Roll-Around Vacuum System," Fisher Scientific Company, 337 Fisher Building, Pittsburgh 19.*

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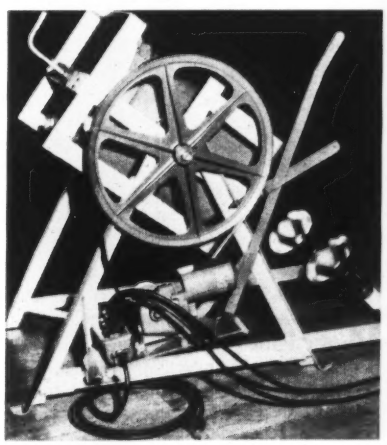
PORTABLE BLENDER: Another roll-around machine tumbles 5-gallon cans



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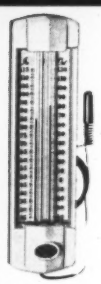

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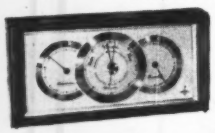

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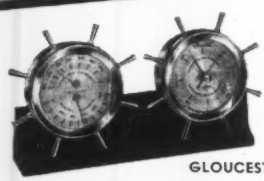

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and delivers their contents, thoroughly mixed, right where they're wanted. Two infra-red lamps mounted on the frame quickly bring the container's contents to working temperature. Releasing the belt tension lever turns the mixing basket into a manually operated tilter for pouring. *General Scientific Equipment Company, Limekiln Pike and Williams Ave., Philadelphia 50.*

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GLASSY VIEW: Newly designed facepiece for gas and hose masks, air-line respirators, and the like features a large single lens. In addition, special

provision can be made for including prescription glasses within the mask. Exhaled air is diverted by a series of baffles to eliminate lens fogging. Speaking diaphragm is integrated with the exhalation valve. *"M-S-A Clearvue," Mine Safety Appliances Company, 411 Seventh Ave., Pittsburgh 19.*

•

ELECTRONIC EMBOSSER: The growing use of embossed plastic identification cards has led to development of a machine that prints 14,000 characters an hour on plastic cards. Information can be taken from punched cards or paper tapes. Price for basic unit is $14,000. *"Electronic Datatyper 410," Dashew Business Machines, Inc., 5886 Smiley Drive, Culver City, Calif.*

•

HEAT REFLECTOR: Ordinary asbestos cloth, in use for years as a protection against flames and spatters, has now been laminated with a thin aluminum foil to make it reflect radiant heat. It's also available in tape form for

wrapping pipes. *Johns-Manville, 22 East 40th St., New York 16.*

•

WITHOUT PALLETS: Trailers with ribbed decks are designed to handle

stock of various dimensions without pallets. The deck permits lift-truck forks to enter and move stock. Trailers have hitching devices for use in trains hauled by truck. Units can be manufactured to customer size and weight requirements. *Palmer-Shile Company, 16034 Fullerton, Detroit 27.*

•

FOR PURE WATER: Manufacturers needing pure water for their operations will be interested in a small portable water demineralizer. The

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•

LOW COST: Portable television camera for closed-circuit systems has a

price said to be "well below" competing cameras. This should make it attractive to manufacturers who have avoided closed-circuit TV as too costly. The camera comes with one, two, or three lenses and will transmit an

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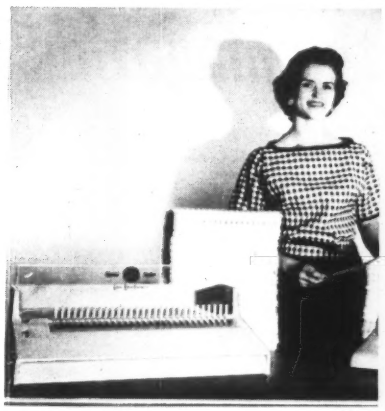
K133—Industry's War on Wear, *Melvin Mandell.* Battling machine wear is no longer the exclusive province of the lowly grease monkey. Today, to protect its investments in costlier and more complex production equipment, top management is getting into the maintenance act. Here's how. A valuable management check list helps you focus on *your* wear problems.

K134—Politics: Business Tries Its Hand, *Faye Henle.* Can business remain aloof as political forces threaten its interests and freedom of operations? The question worries a growing number of companies. Here's how they fight back with hard-hitting political action programs.

image to any home-type receiver. Matching 17-inch monitors are also available. Suggested list price: $545. *Sylvania Electric Products, Inc., 730 Third Ave., New York 17.*

•

TOE OPERATED: The machine shown below is described as "the world's first" all-electric plastic binding machine. Operation requires only two touches of the foot pedal: the first opens the plastic binding to receive the material to be bound, and the second touch closes the binding. Speed is



claimed to be 60 to 100 per cent faster than manually operated models. The machine will bind books ranging from 3/16 inch to 2 inches thick. *"Electro-Binder," General Binding Corp., Northbrook, Ill.*

•

REDUCING WEAR: A new lubricant developed especially for use in free piston engines is said to allow engines to operate without interruptions for "considerably longer" than 1,000 hours by combating wear and deposit problems. Major tests to date have been on transatlantic steamers fitted out with the new type of engines. *"Tro-Mar FP-50," Esso Research and Engineering Company, 15 West 51st St., New York 19.*

•

PAPER COATER: A new latex for pigmented paper coatings has more adhesive strength and less foam. It's also reported to have as much as 50 per cent increased film strength. This gives better pigment binding and greater pick resistance of the coated sheet. *"Dylex Latex KCD-154," Plastics Division, Koppers Company, Inc., Pittsburgh 19.* —R.P.

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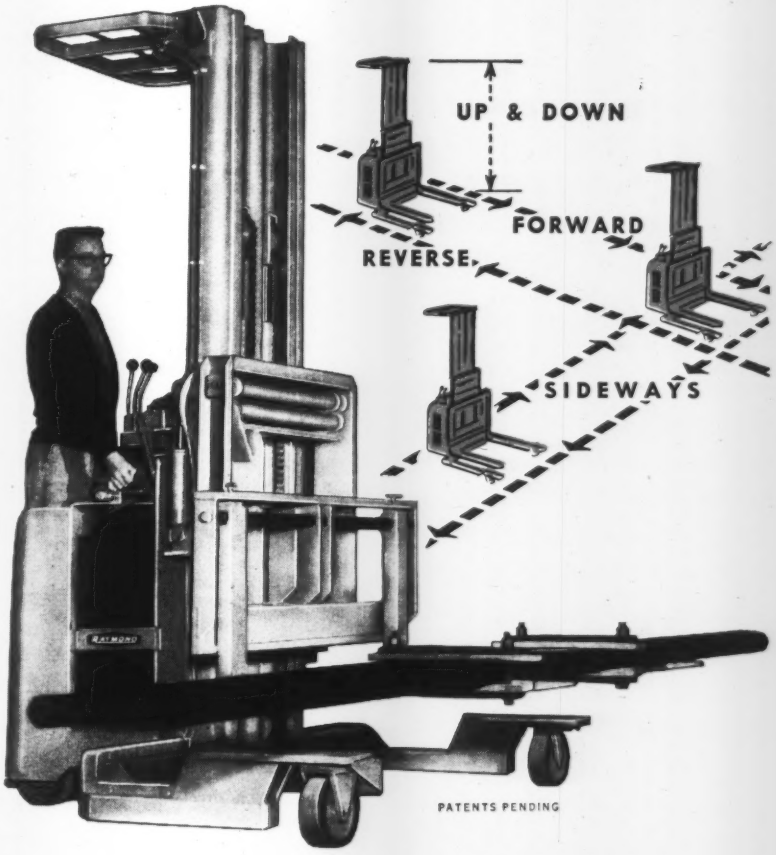

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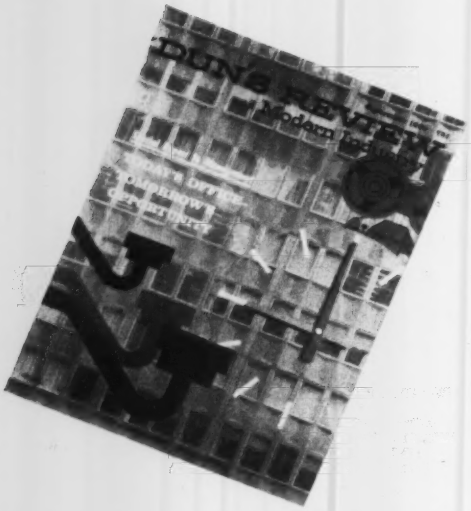

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The Reviewing Stand

Model Year 1916

Despite some justifiable criticism of planned obsolescence and lack of standards in inspection and quality control, our consumer products stand up pretty well, especially when considered in the perspective of a generation. For instance, take the automobile, the key to our industrial prosperity.

In 1916, A. Hyatt Verrill wrote a guidebook for the motorist, entitled "The ABC of Automobile Driving." It was published by Harper & Brothers and evidently had a good, logical reason for its existence in the days of bad roads, bubble gum tires, screwdriver mechanics, asthmatic motors, and fickle spark plugs.

Back in those days, learning to drive was quite an adventure for the motorist, pedestrians, cows, and lampposts. The ABC book tells us: "The best way to learn to drive a car is to have some experienced and competent driver accompany you and show you each step in the process. This is not essential, however, if you are willing to go slowly and learn one thing at a time and in proper order." (Perhaps an empty ball park or an unoccupied desert would be helpful!) The weakest part of the auto assembly still is the hand on the steering wheel. Detroit has never found a way to improve on human reflexes, and the accident rates prove it.

Modern highway engineers eliminate obstacles such as rivers by building bridges or tunnels, but back in 1916 the motorist at the wheel of a horseless carriage, like the daring driver of the Conestoga wagon, simply plunged in and forded the water barriers. Verrill's guidebook informs us that "the amateur driver usually crosses a stream in the wrong way." It continues: "In the first place, be absolutely sure how deep the stream is before crossing it. It is most embarrassing to attempt to cross an apparently small brook only to have your car sink above the floorboards in midstream, while you sit helplessly with your feet curled up on the cushions, waiting for some farmer to arrive and tow you to dry land."

Ingenuity was demanded when a mishap occurred on the road in 1916. Says the ABC guide: "Leaks in radiators, water pipes, or tanks may be repaired with ordinary chewing gum. The gum should be thoroughly masticated, placed over the leak, and secured in place by means of friction tape. I have seen an iron water tank repaired in this manner and which rusted to pieces before the chewing-gum patch gave out. Or if your fanbelt snaps and is lost, and you have no spare belting with you, don't be discouraged. Braided twine, a small rope, a strip from a waistbelt, a piece of shawl-strap or trunk strap, or even a bit of strong flexible bark will serve as a fanbelt in an emergency."

Actually, for his day Verrill's motoring advice was valuable and serious. It emphasizes how everything in the engineering and construction of the motor car has improved—with the exception of the driver.

A Thinking Man's Russian

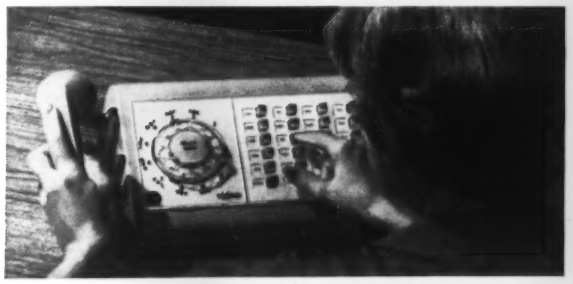
While visiting the Soviet Exposition at the New York Coliseum in late summer, Tom Kenny, our Marketing Editor, engaged a Soviet representative in a debate on the free enterprise system as typified by American business. It was a friendly discussion but largely dominated by the Russian. In his fluent English, the Russian was eloquent in his denunciation of American advertising as an economic waste. "Look," he said, holding up a pack of Soviet cigarettes, "nobody has to tell me what kind to smoke. I know what I want." By this time a crowd had gathered, and Tom said loudly, "Ah, a man who thinks for himself." The crowd roared, and the Russian seemed pleased, although a trifle puzzled by the extreme good nature of his audience. —A.M.S.

Never before could you do so much with an office telephone!

the CALL director *lets you:*

- **REACH FREQUENTLY CALLED PEOPLE** in your office or plant by pushing a button . . . or by dialing.
- **SET UP CONFERENCE CALLS** with as many as *six* people simultaneously. Several conference groups can be arranged.
- **ADD ANOTHER PERSON** in your office or plant to an outside call, then stay on the line for a 3-way discussion or turn the call over to the other person.
- **PICK UP CALLS** on as many as 29 outside, extension or intercom lines . . . and hold calls on a number of lines if you need to.

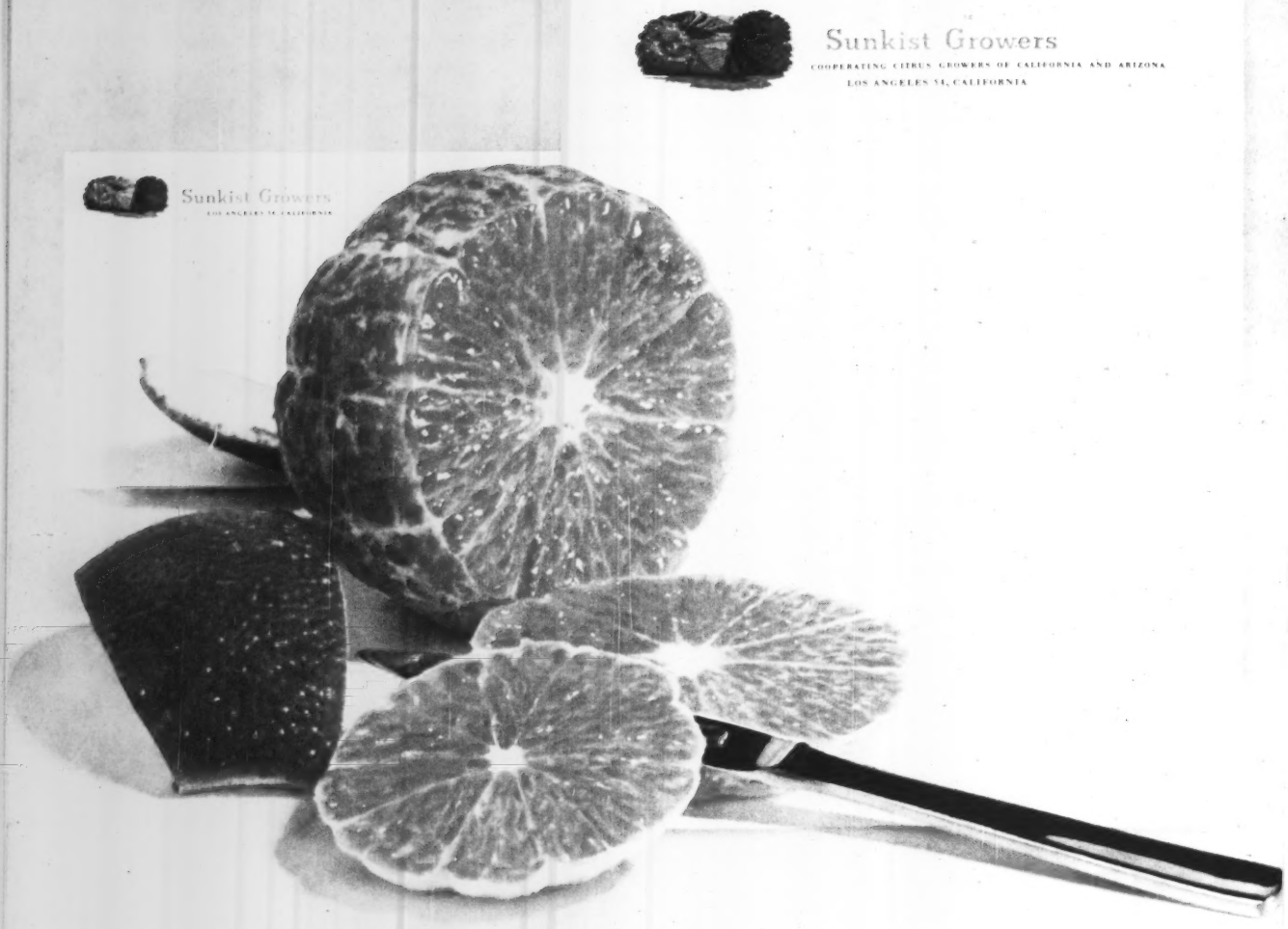
Here, clearly, is a dramatic, new concept in business communications. Compact, efficient and versatile, the Call Director telephone comes in two models: an executive model with up to 18 push buttons; and a secretarial model with answering and call-holding facilities for as many as 29 lines. Both are smartly designed in decorative shades of green, gray or beige with contrasting face plates.



The 30-button Call Director helps secretaries handle far more calls, helps streamline office operation.

The Call Director telephone is but one of many new Bell System developments offering substantial benefits for your business. A communications expert is ready to discuss them with you. Just call your Bell Telephone business office. No obligation, of course.

BELL TELEPHONE SYSTEM



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